Congressional Record

PROCEEDINGS AND DEBATES OF THE SIXTY-EIGHTH CONGRESS SECOND SESSION

SENATE

MONDAY, *February 23, 1925*

(Legislative day of Tuesday, February 17, 1925)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fernald	Lenroot	Sheppard
Ball	Ferris	McKellar	Shields
Bayard	Fess	McKinley	Shipstead
Bingham	Fletcher	McLean	Shortridge
Borah	Frazier	McNary	Simmons
Brookhart	George	Mayfield	Smith
Broussard	Gerry	Means	Smoot
Bruce	Glass	Metcalf	Spencer
Bursum	Gooding	Moses	Stanfield
Butler	Greene	Neely	Stanley
Cameron	Hale	Norbeck	Stephens
Capper	Harreld	Norris	Sterling
Caraway	Harris	Oddie	Swanson
Copeland	Heflin	Overman	Trammell
Couzens	Howell	Owen	Underwood
Cummins	Johnson, Calif.	Pepper	Wadsworth
Curtis	Johnson, Minn.	Phipps	Walsh, Mont.
Dale	Jones, N. Mex.	Pittman	Warren
Dial	Jones, Wash.	Ralston	Watson
Dill	Kendrick	Ransdell	Weller
Edge	Keyes	Reed, Mo.	Wheeler
Edwards	King	Reed, Pa.	Willis
Ernst	Ladd	Robinson	

The PRESIDENT pro tempore. Ninety-one Senators have answered to the roll call. There is a quorum present.

READING OF WASHINGTON'S FAREWELL ADDRESS

The PRESIDENT pro tempore. Pursuant to a standing order of the Senate and an appointment heretofore announced, the senior Senator from Arizona [Mr. ASHURST] will now read Washington's Farewell Address.

Mr. ASHURST (at the Secretary's desk) read the Address, as follows:

To the People of the United States:

FRIENDS AND FELLOW CITIZENS: The period for a new election of a citizen to administer the executive government of the United States being not far distant, and the time actually arrived when your thoughts must be employed in designating the person who is to be clothed with that important trust, it appears to be proper, especially as it may conduce to a more distinct expression of the public voice, that I should now apprise you of the resolution I have formed, to decline being considered among the number of those out of whom a choice is to be made.

I beg you, at the same time, to do me the justice to be assured that this resolution has not been taken without a strict regard to all the considerations appertaining to the relation which binds a dutiful citizen to his country; and that, in withdrawing the tender of service which silence in my situation might imply, I am influenced by no diminution of zeal for your future interest; no deficiency of grateful respect for your past kindness; but am supported by a full conviction that the step is compatible with both.

The acceptance of, and continuance hitherto in the office to which your suffrages have twice called me, have been a uniform sacrifice of inclination to the opinion of duty, and to a deference for what appeared to be your desire. I constantly hoped that it would have been much earlier in my power, consistently with motives which I was not at liberty to disregard, to return to that retirement from which I had been reluctantly drawn. The strength of my inclination to do this previous to the last election had even led to the preparation of an address to declare it to you; but mature reflection on the then perplexed and critical posture of our affairs with foreign nations and the unanimous advice of persons entitled to my confidence, impelled me to abandon the idea.

I rejoice that the state of your concerns, external as well as internal, no longer renders the pursuit of inclination incompatible with the sentiment of duty or propriety; and am persuaded whatever partiality may be retained for my services, that in the present circumstances of our country you will not disapprove my determination to retire.

The impressions with which I first undertook the arduous trust were explained on the proper occasion. In the discharge of this trust I will only say that I have, with good intentions, contributed towards the organization and administration of the government, the best exertions of which a very fallible judgment was capable. Not unconscious in the outset of the inferiority of my qualifications, experience, in my own eyes, perhaps still more in the eyes of others, has strengthened the motives to diffidence of myself; and, every day the increasing weight of years admonishes me more and more that the shade of retirement is as necessary to me as it will be welcome. Satisfied that if any circumstances have given peculiar value to my services they were temporary, I have the consolation to believe that, while choice and prudence invite me to quit the political scene, patriotism does not forbid it.

In looking forward to the moment which is to terminate the career of my political life, my feelings do not permit me to suspend the deep acknowledgement of that debt of gratitude which I owe to my beloved country, for the many honors it has conferred upon me; still more for the steadfast confidence with which it has supported me; and for the opportunities I have thence enjoyed of manifesting my inviolable attachment, by services faithful and persevering; though in usefulness unequal to my zeal. If benefits have resulted to our country from these services, let it always be remembered to your praise, and as an instructive example in our annals, that under circumstances in which the passions, agitated in every direction, were liable to mislead amidst appearances sometimes dubious, vicissitudes of fortune often discouraging—in situations in which not unfrequently, want of success has countenanced the spirit of criticism—the constancy of your support was the essential prop of the efforts, and a guarantee of the plans, by which they were effected. Profoundly penetrated with this idea, I shall carry it with me to my grave, as a strong incitement to unceasing vows that heaven may continue to you the choicest tokens of its beneficence—that your union and brotherly affection may be perpetual—that the free constitution, which is the work of your hands, may be sacredly maintained—that its administration in every department may be stamped with wisdom and virtue—that, in fine, the happiness of the people of these States, under the auspices of liberty, may be made complete by so careful a preservation, and so prudent a use of this blessing, as will acquire to them the glory of recommending it to the applause, the affection, and adoption of every nation which is yet a stranger to it.

Here, perhaps, I ought to stop. But a solicitude for your welfare, which can not end but with my life, and the apprehension of danger, natural to that solicitude, urge me, on an occasion like the present, to offer to your solemn contemplation, and to recommend to your frequent review, some sentiments which are the result of much reflection, of no inconsiderable observation, and which appear to me all important to the permanency of your felicity as a people. These will be offered to you with the more freedom, as you can only see in them the disinterested warnings of a parted friend, who can possibly have no personal

motive to bias his counsel. Nor can I forget as an encouragement to it, your indulgent reception of my sentiments on a former and not dissimilar occasion.

Interwoven as is the love of liberty with every ligament of your hearts, no recommendation of mine is necessary to fortify or confirm the attachment.

The unity of government which constitutes you one people, is also now dear to you. It is justly so; for it is a main pillar in the edifice of your real independence; the support of your tranquility at home; your peace abroad; of your safety; of your prosperity; of that very liberty which you so highly prize. But as it is easy to foresee that, from different causes and from different quarters much pains will be taken, many artifices employed, to weaken in your minds the conviction of this truth; as this is the point in your political fortress against which the batteries of internal and external enemies will be most constantly and actively (though often covertly and insidiously) directed; it is of infinite moment, that you should properly estimate the immense value of your national union to your collective and individual happiness; that you should cherish a cordial, habitual, and immovable attachment to it; accustoming yourselves to think and speak of it as of the palladium of your political safety and prosperity; watching for its preservation with jealous anxiety; discountenancing whatever may suggest even a suspicion that it can, in any event, be abandoned; and indignantly frowning upon the first dawning of every attempt to alienate any portion of our country from the rest, or to enfeeble the sacred ties which now link together the various parts.

For this you have every inducement of sympathy and interest. Citizens by birth, or choice, of a common country, that country has a right to concentrate your affections. The name of American, which belongs to you in your national capacity, must always exalt the just pride of patriotism, more than any appellation derived from local discriminations. With slight shades of difference, you have the same religion, manners, habits, and political principles. You have, in a common cause, fought and triumphed together; the independence and liberty you possess are the work of joint counsels and joint efforts, of common danger, sufferings, and successes.

But these considerations, however powerfully they address themselves to your sensibility, are greatly outweighed by those which apply more immediately to your interest. Here every portion of our country finds the most commanding motives for carefully guarding and preserving the union of the whole.

The *north*, in an unrestrained intercourse with the *south*, protected by the equal laws of a common government, finds in the productions of the latter, great additional resources of maritime and commercial enterprise, and precious materials of manufacturing industry. The *south*, in the same intercourse benefiting by the same agency of the *north*, sees its agriculture grow and its commerce expand. Turning partly into its own channels the seamen of the *north*, it finds its particular navigation invigorated; and while it contributes, in different ways, to nourish and increase the general mass of the national navigation, it looks forward to the protection of a maritime strength, to which itself is unequally adapted. The *east*, in a like intercourse with the *west*, already finds, and in the progressive improvement of interior communications by land and water, will more and more find a valuable vent for the commodities which it brings from abroad, or manufactures at home. The *west* derives from the *east* supplies requisite to its growth and comfort—and what is perhaps of still greater consequence, it must of necessity owe the *secure* enjoyment of indispensable *outlets* for its own productions, to the weight, influence, and the future maritime strength of the Atlantic side of the Union, directed by an indissoluble community of interest as *one nation*. Any other tenure by which the *west* can hold this essential advantage, whether derived from its own separate strength or from an apostate and unnatural connection with any foreign power, must be intrinsically precarious.

While then every part of our country thus feels an immediate and particular interest in union, all the parts combined can not fail to find in the united mass of means and efforts, greater strength, greater resource, proportionably greater security from external danger, a less frequent interruption of their peace by foreign nations; and, what is of inestimable value, they must derive from union, an exemption from those broils and wars between themselves, which so frequently afflict neighboring countries not tied together by the same government; which their own rivalship alone would be sufficient to produce, but which opposite foreign alliances, attachments, and intrigues, would stimulate and embitter. Hence, likewise, they will avoid the necessity of these overgrown military establishments, which under any form of government are inauspicious to liberty, and which are to be regarded as particularly hostile to republican liberty. In this sense it is, that your Union ought to be considered as a main prop of your liberty, and that the love of the one ought to endear to you the preservation of the other.

These considerations speak a persuasive language to every reflecting and virtuous mind and exhibit the continuance of the union as a primary object of patriotic desire. Is there a doubt whether a common government can embrace so large a sphere? Let experience solve it. To listen to mere speculation in such a case were criminal. We are authorized to hope that a proper organization of the whole, with the auxiliary agency of governments for the respective subdivisions, will afford a happy issue to the experiment. It is well worth a fair and full experiment. With such powerful and obvious motives to union, affecting all parts of our country, while experience shall not have demonstrated its impracticability, there will always be reason to distrust the patriotism of those who in any quarter may endeavor to weaken its bands.

In contemplating the causes which may disturb our Union it occurs as matter of serious concern that any ground should have been furnished for characterizing parties by *geographical* discrimination—*northern* and *southern*—*Atlantic* and *western;* whence designing men may endeavor to excite a belief that there is a real difference of local interests and views. One of the expedients of party to acquire influence within particular districts is to misrepresent the opinions and aims of other districts. You can not shield yourselves too much against the jealousies and heartburnings which spring from these misrepresentations: they tend to render alien to each other those who ought to be bound together by fraternal affection. The inhabitants of our western country have lately had a useful lesson on this head: they have seen, in the negotiations by the Executive and in the unanimous ratifications by the Senate of the treaty with Spain, and in the universal satisfaction at the event throughout the United States, a decisive proof how unfounded were the suspicions propagated among them of a policy in the General Government and in the Atlantic States, unfriendly to their interests in regard to the Mississippi. They have been witnesses to the formation of two treaties, that with Great Britain and that with Spain, which secure to them everything they could desire, in respect to our foreign relations, toward confirming their prosperity. Will it not be their wisdom to rely for the preservation of these advantages on the union by which they were procured? Will they not henceforth be deaf to those advisers, if such they are, who would sever them from their brethren and connect them with aliens?

To the efficacy and permanency of your Union a government for the whole is indispensable. No alliances, however strict, between the parts can be an adequate substitute; they must inevitably experience the infractions and interruptions which all alliances in all times have experienced. Sensible of this momentous truth, you have improved upon your first essay by the adoption of a constitution of government better calculated than your former for an intimate union and for the efficacious management of your common concerns. This government, the offspring of our own choice, uninfluenced and unawed, adopted upon full investigation and mature deliberation, completely free in its principles, in the distribution of its powers, uniting security with energy, and containing within itself a provision for its own amendment, has a just claim to your confidence and your support. Respect for its authority, compliance with its laws, acquiescence in its measures, are *duties enjoined by* the fundamental maxims of true liberty. The basis of our political systems is the right of the people to make and alter their constitutions of government. But the constitution which at any time exists, until changed by an explicit and authentic act of the whole people, is sacredly obligatory upon all. The very idea of the power, and the right of the people to establish government, presuppose the duty of every individual to obey the established government.

All obstructions to the execution of the laws, all combinations and associations under whatever plausible character, with the real design to direct, control, counteract, or awe the regular deliberations and action of the constituted authorities, are destructive of this fundamental principle, and of fatal tendency. They serve to organize faction, to give it an artificial and extraordinary force, to put in the place of the delegated will of the nation the will of party, often a small but artful and enterprising minority of the community; and, according to the alternate triumphs of different parties, to make the public administration the mirror of the ill-concerted and incongruous projects of faction, rather than the organ of consistent and wholesome plans digested by common councils, and modified by mutual interests.

However combinations or associations of the above description may now and then answer popular ends, they are likely, in the course of time and things, to become potent engines, by which cunning, ambitious, and unprincipled men will be enabled to subvert the power of the people, and to usurp for themselves the reins of government; destroying afterwards the very engines which have lifted them to unjust dominion.

Towards the preservation of your Government and the permanency of your present happy state, it is requisite, not only that you steadily discountenance irregular opposition to its acknowledged authority, but also that you resist with care the spirit of innovation upon its principles, however specious the pretext. One method of assault may be to effect, in the forms of the Constitution, alterations which will impair the energy of the system; and thus to undermine what can not be directly overthrown. In all the changes to which you may be invited, remember that time and habit are at least as necessary to fix the true character of governments as of other human institutions; that experience is the surest standard by which to test the real tendency of the existing constitution of a country; that facility in changes, upon the credit of mere hypothesis and opinion, exposes to perpetual change from the endless variety of hypothesis and opinion; and remember, especially, that for the efficient management of your common interests in a country so extensive as ours, a government of as much vigor as is consistent with the perfect security of liberty is indispensable. Liberty itself will find in such a government, with powers properly distributed and adjusted, its surest guardian. It is, indeed, little else than a name, where the government is too feeble to withstand the enterprises of faction, to confine each member of the society within the limits prescribed by the laws, and to maintain all in the secure and tranquil enjoyment of the rights of person and property.

I have already intimated to you the dangers of parties in the state, with particular references to the founding of them on geographical discrimination. Let me now take a more comprehensive view, and warn you in the most solemn manner against the baneful effects of the spirit of party generally.

This spirit, unfortunately, is inseparable from our nature, having its root in the strongest passions of the human mind. It exists under different shapes in all governments, more or less stifled, controlled, or repressed; but in those of the popular form it is seen in its greatest rankness, and is truly their worst enemy.

The alternates domination of one faction over another, sharpened by the spirit of revenge natural to party dissension, which in different ages and countries has perpetrated the most horrid enormities, is itself a frightful despotism. But this leads at length to a more formal and permanent despotism. The disorders and miseries which result, gradually incline the minds of men to seek security and repose in the absolute power of an individual; and, sooner or later, the chief of some prevailing faction, more able or more fortunate than his competitors, turns this disposition to the purpose of his own elevation on the ruins of public liberty.

Without looking forward to an extremity of the kind (which nevertheless ought not to be entirely out of sight), the common and continual mischiefs of the spirit of party are sufficient to make it the interest and duty of a wise people to discourage and restrain it.

It serves always to distract the public councils and enfeeble the public administration. It agitates the community with ill-founded jealousies and false alarms; kindles the animosity of one part against another; foments occasional riot and insurrection. It opens the door to foreign influence and corruption, which finds a facilitated access to the Government itself through the channels of party passions. Thus the policy and the will of one country are subjected to the policy and will of another.

There is an opinion that parties in free countries are useful checks upon the administration of the government and serve to keep alive the spirit of liberty. This within certain limits is probably true; and in governments of a monarchial cast, patriotism may look with indulgence, if not with favor, upon the spirit of party. But in those of the popular character, in governments purely elective, it is a spirit not to be encouraged. From their natural tendency, it is certain there will always be enough of that spirit for every salutary purpose. And there being constant danger of excess the effort ought to be, by force of public opinion, to mitigate and assuage it. A fire not to be quenched, it demands a uniform vigilance to prevent it bursting into a flame, lest instead of warming it should consume.

It is important, likewise, that the habits of thinking in a free country should inspire caution in those intrusted with its administration, to confine themselves within their respective constitutional spheres, avoiding in the exercise of the powers of one department to encroach upon another. The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus to create, whatever the form of government, a real despotism. A just estimate of that love of power and proneness to abuse it which predominate in the human heart is sufficient to satisfy us of the truth of this position. The necessity of reciprocal checks in the exercise of political power, by dividing and distributing it into different depositories, and constituting each the guardian of the public weal against invasions of the others, has been evinced by experiments ancient and modern; some of them in our country and under our own eyes. To preserve them must be as necessary as to institute them. If, in the opinion of the people, the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the Constitution designates. But let there be no change by usurpation; for though this, in one instance, may be the instrument of good, it is the customary weapon by which free governments are destroyed. The precedent must always greatly overbalance in permanent evil any partial or transient benefit which the use can at any time yield.

Of all the dispositions and habits which lead to political prosperity, religion and morality are indispensable supports. In vain would that man claim the tribute of patriotism, who should labor to subvert these great pillars of human happiness, these firmest props of the duties of men and citizens. The mere politician, equally with the pious man, ought to respect and to cherish them. A volume could not trace all their connections with private and public felicity. Let it simply be asked, where is the security for property, for reputation, for life, if the sense of religious obligation *desert* the oaths which are the instruments of investigation in courts of justice? And let us with caution indulge the supposition that morality can be maintained without religion. Whatever may be conceded to the influence of refined education on minds of peculiar structure, reason and experience both forbid us to expect, that national morality can prevail in exclusion of religious principle.

It is substantially true, that virtue or morality is a necessary spring of popular government. The rule, indeed, extends with more or less force to every species of free government. Who that is a sincere friend to it can look with indifference upon attempts to shake the foundations of the fabric?

Promote, then, as an object of primary importance, institutions for the general diffusion of knowledge. In proportion as the structure of a government gives force to public opinion, it should be enlightened.

As a very important source of strength and security, cherish public credit. One method of preserving it is to use it as sparingly as possible, avoiding occasions of expense by cultivating peace, but remembering also, that timely disbursements, to prepare for danger, frequently prevent much greater disbursements to repel it; avoiding likewise the accumulation of debt, not only by shunning occasions of expense, but by vigorous exertions, in time of peace, to discharge the debts which unavoidable wars may have occasioned, not ungenerously throwing upon posterity the burden which we ourselves ought to bear. The execution of these maxims belongs to your representatives, but it is necessary that public opinion should cooperate. To facilitate to them the performance of their duty, it is essential that you should practically bear in mind, that towards the payment of debts there must be revenue; that to have revenue there must be taxes; that no taxes can be devised which are not more or less inconvenient and unpleasant; that the intrinsic embarrassment inseparable from the selection of the proper object (which is always a choice of difficulties) ought to be a decisive motive for a candid construction of the conduct of the government in making it, and for a spirit of acquiescence in the measures for obtaining revenue, which the public exigencies may at any time dictate.

Observe good faith and justice toward all nations; cultivate peace and harmony with all. Religion and morality enjoin this conduct, and can it be that good policy does not equally enjoin it? It will be worthy of a free, enlightened, and, at no distant period, a great Nation, to give to mankind the magnanimous and too novel example of a people always guided by an exalted justice and benevolence. Who can doubt but, in the course of time and things, the fruits of such a plan would richly repay any temporary advantages which might be lost by a steady adherence to it; can it be that Providence has not connected the permanent felicity of a nation with its virtue? The experiment at least is recommended by every sentiment which ennobles human nature. Alas! is it rendered impossible by its vices?

In the execution of such a plan nothing is more essential than that permanent, inveterate antipathies against particular nations and passionate attachments for others should be excluded; and that, in place of them, just and amicable feelings toward all should be cultivated. The nation which indulges toward another an habitual hatred, or an habitual fondness, is in some degree a slave. It is a slave to its animosity or to its affection, either of which is sufficient to lead it astray from its duty and its interest. Antipathy in one nation against another disposes each more readily to offer insult and injury, to lay hold of slight causes of umbrage, and to be haughty and intractable when accidental or trifling occasions of dispute occur. Hence, frequent collisions, obstinate, envenomed, and bloody contests. The nation, prompted by ill will and resentment, sometimes impels to war the government, contrary to the best calculations of policy. The government sometimes participates in the national propensity, and adopts through passion what reason would reject; at other times it makes the animosity of the nation subservient to projects of hostility, instigated by pride, ambition, and other sinister and pernicious motives. The peace often, sometimes perhaps the liberty of nations, has been the victim.

So likewise, a passionate attachment of one nation for another produces a variety of evils. Sympathy for the favorite nation, facilitating the illusion of an imaginary common interest, in cases where no real common interest exists, and infusing into one the enmities of the other, betrays the former into a participation in the quarrels and wars of the latter, without adequate inducements or justifications. It leads also to concessions, to the favored nation, of privileges denied to others, which is apt doubly to injure the nation making the concessions, by unnecessarily parting with what ought to have been retained, and by exciting jealousy, ill will, and a disposition to retaliate in the parties from whom equal privileges are withheld; and it gives to ambitious, corrupted, or deluded citizens who devote themselves to the favorite nation, facility to betray or sacrifice the interests of their own country, without odium, sometimes even with popularity; gilding with the appearances of a virtuous sense of obligation, a commendable deference for public opinion, or a laudable zeal for public good, the base or foolish compliances of ambition, corruption, or infatuation.

As avenues to foreign influence in innumerable ways, such attachments are particularly alarming to the truly enlightened and independent patriot. How many opportunities do they afford to tamper with domestic factions, to practice the arts of seduction, to mislead public opinion, to influence or awe the public councils! Such an attachment of a small or weak, towards a great and powerful nation, dooms the former to be the satellite of the latter.

Against the insidious wiles of foreign influence (I conjure you to believe me fellow citizens), the jealousy of a free people ought to be *constantly* awake; since history and experience prove, that foreign influence is one of the most baneful foes of republican government. But that jealousy, to be useful, must be impartial, else it becomes the instrument of the very influence to be avoided, instead of a defense against it. Excessive partiality for one foreign nation and excessive dislike for another, cause those whom they actuate to see danger only on one side, and serve to veil and even second the arts of influence on the other. Real patriots, who may resist the intrigues of the favorite, are liable to become suspected and odious; while its tools and dupes usurp the applause and confidence of the people, to surrender their interests.

The great rule of conduct for us, in regard to foreign nations, is, in extending our commercial relations, to have with them as little *political* connection as possible. So far as we have already formed engagements, let them be fulfilled with perfect good faith. Here let us stop.

Europe has a set of primary interests, which to us have none, or a very remote relation. Hence, she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns. Hence, therefore, it must be unwise in us to implicate ourselves, by artificial ties, in the ordinary vicissitudes of her politics, or the ordinary combinations and collisions of her friendships or enmities.

Our detached and distant situation invites and enables us to pursue a different course. If we remain one people, under an efficient government, the period is not far off when we may defy material injury from external annoyance; when we may take such an attitude as will cause the neutrality we may at any time resolve upon, to be scrupulously respected; when belligerent nations, under the impossibility of making acquisitions upon us, will not lightly hazard the giving us provocation, when we may choose peace or war, as our interest, guided by justice, shall counsel.

Why forego the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interest, humor, or caprice?

It is our true policy to steer clear of permanent alliance with any portion of the foreign world; so far, I mean, as we are now at liberty to do it; for let me not be understood as capable of patronizing infidelity to existing engagements. I hold the maxim no less applicable to public than private affairs, that honesty is always the best policy. I repeat it, therefore, let those engagements be observed in their genuine sense. But in my opinion, it is unnecessary, and would be unwise to extend them.

Taking care always to keep ourselves by suitable establishments, on a respectable defensive posture, we may safely trust to temporary alliances for extraordinary emergencies.

Harmony, and a liberal intercourse with all nations, are recommended by policy, humanity, and interest. But even our commercial policy should hold an equal and impartial hand; neither seeking nor granting exclusive favors or preferences; consulting the natural course of things; diffusing and diversifying by gentle means the streams of commerce, but forcing nothing; establishing with powers so disposed, in order to give trade a stable course, to define the rights of our merchants, and to enable the Government to support them, conventional rules of intercourse, the best that present circumstances and mutual opinion will permit, but temporary, and liable to be from time to time abandoned or varied as experience and circumstances shall dictate; constantly keeping in view, that it is folly in one nation to look for disinterested favors from another; that it must pay with a portion of its independence for whatever it may accept under that character; that by such acceptance, it may place itself in the condition of having given equivalents for nominal favors, and yet of being reproached with ingratitude for not giving more. There can be no greater error than to expect, or calculate upon real favors from nation to nation. It is an illusion which experience must cure, which a just pride ought to discard.

In offering to you, my countrymen, these counsels of an old and affectionate friend, I dare not hope they will make the strong and lasting impression I could wish; that they will control the usual current of the passions, or prevent our Nation from running the course which has hitherto marked the destiny of nations, but if I may even flatter myself that they may be productive of some partial benefit, some occasional good; that they may now and then recur to moderate the fury of party spirit, to warn against the mischiefs of foreign intrigue, to guard against the impostures of pretended patriotism; this hope will be a full recompense for the solicitude for your welfare by which they have been dictated.

How far, in the discharge of my official duties, I have been guided by the principles which have been delineated, the public records and other evidences of my conduct must witness to you and to the world. To myself, the assurance of my own conscience is, that I have, at least, believed myself to be guided by them.

In relation to the still subsisting war in Europe, my proclamation of the 22d of April, 1793, is the index to my plan. Sanctioned by your approving voice, and by that of your representatives in both Houses of Congress, the spirit of that measure has continually governed me, uninfluenced by any attempts to deter or divert me from it.

After deliberate examination, with the aid of the best lights I could obtain, I was well satisfied that our country, under all the circumstances of the case, had a right to take, and was bound, in duty and interest, to take a neutral position. Having taken it, I determined, as far as should depend upon me, to maintain it with moderation, perseverance, and firmness.

The considerations which respect the right to hold this conduct, it is not necessary on this occasion to detail. I will only observe that, according to my understanding of the matter, that right, so far from being denied by any of the belligerent powers, has been virtually admitted by all.

The duty of holding a neutral conduct may be inferred, without anything more, from the obligation which justice and humanity imposes on every nation, in cases in which it is free to act, to maintain inviolate the relations of peace and amity towards other nations.

The inducements of interest for observing that conduct will best be referred to your own reflections and experience. With me, a predominant motive has been to endeavor to gain time to our country to settle and mature its yet recent institutions, and to progress, without interruption, to that degree of strength,

and consistency which is necessary to give it, humanly speaking, the command of its own fortunes.

Though in reviewing the incidents of my administration, I am unconscious of intentional error, I am nevertheless too sensible of my defects not to think it probable that I may have committed many errors. Whatever they may be, I fervently beseech the Almighty to avert or mitigate the evils to which they may tend. I shall also carry with me the hope that my country will never cease to view them with indulgence; and that, after forty-five years of my life dedicated to its service, with an upright zeal, the faults of incompetent abilities will be consigned to oblivion, as myself must soon be to the mansions of rest.

Relying on its kindness in this as in other things, and actuated by that fervent love towards it, which is so natural to a man who views it in the native soil of himself and his progenitors for several generations; I anticipate with pleasing expectation that retreat in which I promise myself to realize, without alloy, the sweet enjoyment of partaking, in the midst of my fellow citizens, the benign influence of good laws under a free government—the ever favorite object of my heart, and the happy reward, as I trust, of our mutual cares, labors and dangers.

GEO. WASHINGTON.

UNITED STATES,
17th September, 1796.

Mr. FESS. Mr. President, recently President Coolidge appointed a commission to recommend to Congress and to the country a proper celebration of the bicentennial of the birth of George Washington, which will occur in about seven years. The President has made a formal statement of the significance of the proposed celebration. I ask unanimous consent that instead of taking the time to read it, it may be printed in the RECORD, in 8-point type.

The PRESIDENT pro tempore. Is there objection?

Mr. SMOOT. Under the rule it can not be printed in the RECORD in 8-point type.

Mr. FESS. It can be done by unanimous consent.

Mr. SMOOT. No; the House has an interest in the matter, and they would have to agree to it. If we undertake to do it in the one case, we will have to do it in all cases when requested.

Mr. FESS. Then I will ask to have it read at the desk so that it may appear in 8-point type.

Mr. MOSES. It could not be printed in 8-point type under the law.

Mr. FESS. Then I withdraw my request, and I will read it myself at another time.

PROPOSED REPEAL OF SALARY INCREASE

Mr. BORAH. I submit an amendment intended to be proposed by me to the deficiency appropriation bill, accompanied by a notice, which I ask may be received and printed.

The amendment and accompanying notice were ordered to lie on the table and to be printed; the notice being as follows:

NOTICE BY MR. BORAH

I hereby give notice that under Rule XL I will move to suspend paragraph 3, of Rule XVI, in order that I may propose to H. R. ———, making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1925, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1925, and June 30, 1926, and for other purposes, the following amendment:

"SECTION I. That the following provision contained in H. R. 12101, being the legislative appropriation bill passed and approved February —, 1925, reading as follows:

"'SEC. 4. That section 4 of the legislative, executive, and judicial appropriation act, approved February 26, 1907, as amended, is amended to read as follows:

"'"That on and after March 4, 1925, the compensation of the Speaker of the House of Representatives, the Vice President of the United States, and the heads of executive departments who are members of the President's Cabinet shall be at the rate of $15,000 per annum each, and the compensation of Senators, Representatives in Congress, Delegates from Territories, Resident Commissioner from Porto Rico, and Resident Commissioners from the Philippine Islands shall be at the rate of $10,000 per annum each," be and the same is hereby repealed.'

"SEC. II. That on and after the passage and approval of this act the compensation of the Speaker of the House of Representatives, the Vice President of the United States, and the heads of executive departments who are members of the President's Cabinet shall be at the rate of $12,000 per annum each, and the compensation of Senators, Representatives in Congress, Delegates from Territories, Resident Commissioner from Porto Rico and Resident Commissioners from the Philippine Islands shall be at the rate of $7,500 per annum each."

PROPOSED STATE TAX ON COTTONSEED-OIL PRODUCTS

Mr. HEFLIN. Mr. President, I ask unanimous consent for the present consideration of the resolution which I send to the Secretary's desk. I do not think there will be any opposition to it, and if there is, I will withdraw it.

The PRESIDENT pro tempore. The Secretary will read the resolution.

The resolution (S. Res. 344) was read, as follows:

Whereas the Constitution vests in Congress the exclusive power to regulate commerce between the States; and

Whereas the free and untrammeled commerce between the several States is a cardinal principle of the Federal Constitution; and

Whereas the strict observance of these fundamental principles is necessary to the promotion and preservation of proper and cordial relationship between the various States; and

Whereas the Senate has reliable information to the effect that the legislatures of some of the States have measures now pending regarding interstate commerce that would do violence to the principles of the Constitution and set a precedent fraught with grave danger to the whole country: Therefore be it

Resolved, That it is the sense of the Senate that such legislation would be in contravention of the principles of the Federal Constitution.

The PRESIDENT pro tempore. The Senator from Alabama asks for the immediate consideration of this resolution. Is there objection?

Mr. WATSON. I do not know on what the resolution is based, and what is the object of it?

Mr. HEFLIN. I may state to the Senator from Indiana that recently there was received by the Senator from North Carolina [Mr. OVERMAN] a telegram from the governor of his State, stating that in the State of Idaho, the State of California, and a few other States, measures are pending seeking to tax cottonseed-oil products in order to prevent them from coming into those States. The junior Senator from Idaho [Mr. GOODING] sent a telegram to his State legislature, or to the governor, the other day, urging them not to pass this legislation. This resolution is in line with the Federal Constitution, and I think it would be well for the Senate to adopt it.

Mr. WATSON. I have no desire to interpose an objection to a proposition of that kind, but I would like to have some information regarding it. Let it go over one day, so that we can look into it.

Mr. HEFLIN. Very well.

The PRESIDENT pro tempore. Objection is made, and the resolution will lie over for a day.

Mr. HEFLIN. I will withdraw the resolution for the present and submit it later.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Farrell, its enrolling clerk, announced that the House had passed without amendment the following bills of the Senate:

S. 3765. An act to authorize a five-year building program for the public-school system of the District of Columbia, which shall provide school buildings adequate in size and facilities to make possible an efficient system of public education in the District of Columbia; and

S. 4045. An act granting the consent of Congress to W. D. Comer and Wesley Vandercook to construct a bridge across the Columbia River between Longview, Wash., and Rainier, Oreg.

The message also announced that the House had agreed to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the following bills:

H. R. 5726. An act to amend the act of Congress of March 3, 1921, entitled "An act to amend section 3 of the act of Congress of June 28, 1906, entitled 'An act of Congress for the division of the lands and funds of the Osage Indians in Oklahoma, and for other purposes'"; and

H. R. 9343. An act authorizing the adjudication of claims of the Chippewa Indians of Minnesota.

The message further announced that the House had agreed to the amendment of the Senate to the bill of the House (H. R. 10533) granting the consent of Congress to the State of Washington to construct, maintain, and operate a bridge across the Columbia River.

The message also announced that the House had agreed to the amendments of the Senate to the bill of the House (H. R. 491) for the prevention of venereal diseases in the District of Columbia, and for other purposes.

The message further announced that the House had passed the following concurrent resolution (H. Con Res. 46), in which it requested the concurrence of the Senate:

Resolved by the House of Representatives (the Senate concurring), That in enrolling the bill (H. R. 4202) entitled "An act to amend section 5908, United States Compiled Statutes, 1916, Revised Statutes, section 3186, as amended by act of March 1, 1879, chapter 125, section 3, and act of March 4, 1913, chapter 166," the Clerk of the House is authorized and directed—

(1) To strike out the words "That if," immediately after the enacting clause, and to insert in lieu thereof the following:

"That section 3186 of the Revised Statutes, as amended, is amended to read as follows:

"'SEC. 3186. That if'";

(2) To insert quotation marks at the end of such bill;

(3) To amend the title so as to read: "An act to amend section 3186 of the Revised Statutes, as amended."

The message also announced that the Speaker of the House had affixed his signature to the following enrolled bills, and they were thereupon signed by the President pro tempore:

S. 2803. An act to regulate within the District of Columbia the sale of milk, cream, and ice cream, and for other purposes;

S. 3173. An act to provide for the construction of a memorial bridge across the Potomac River from a point near the Lincoln Memorial in the city of Washington to an appropriate point in the State of Virginia, and for other purposes;

H. R. 11703. An act granting the consent of Congress to G. B. Deane, of St. Charles, Ark., to construct, maintain, and operate a bridge across the White River at or near the city of St. Charles, in the county of Arkansas, in the State of Arkansas;

H. R. 11737. An act authorizing preliminary examinations and surveys of sundry rivers with a view to the control of their floods;

H. R. 11825. An act to extend the time for the construction of a bridge over the Ohio River near Steubenville, Ohio;

H. R. 11957. An act to authorize the President in certain cases to modify visé fees;

H. R. 12064. An act to recognize and reward the accomplishment of the world flyers; and

H. R. 12101. An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1926, and for other purposes.

PERSONAL EXPLANATION

Mr. SPENCER. Mr. President, I desire to make the following brief statement to my colleagues:

On Saturday last the Department of Justice informed me that there had been lodged with the department a charge that at some time in the past I had violated the law in practicing before some department of the Government, and yesterday I saw in the press that "a man named Elliott brought these charges."

The charge relates to a contract in connection with the dyeing and handling of Government sealskins, which was entered into by the Government with a St. Louis corporation represented by Col. Philip B. Fouke, who negotiated the transaction.

The original contract was entered into 10 or more years ago. At the time of the making of the contract I did not personally know Colonel Fouke. I had no legal connection either with him or with any company with which he was associated. It was long before I was elected a Member of the Senate. I had nothing whatever to do with the contract, direct or indirect.

Since that time Colonel Fouke has become a personal friend of mine, and he and some of the interests with which he is connected have become valued clients of the firm with which I am connected, and that connection still exists; but never at any time have I in any way appeared before any department of the Government in connection with any of their contracts with the Government or in connection with any renewal or modification thereof, nor have I ever received, directly or indirectly, any compensation for anything along that line.

I ask unanimous consent that there may be read from the desk and incorporated in the RECORD as a part of my remarks a letter which I sent to the Department of Justice in this matter to-day.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the letter was read, as follows:

MONDAY, FEBRUARY 23, 1925.

The honorable the ATTORNEY GENERAL,
Washington, D. C.

DEAR GENERAL STONE: On Saturday last the Department of Justice, through Mr. Donovan, informed me that the attention of the department had been directed to a charge that I, at some time in the past, had, in violation of law, practiced before some Government department, and I saw in the press yesterday statements that "a man named Elliott brought the charges."

It is needless for me to say that there is not the slightest foundation of any kind, direct or indirect, for any such charge, but I beg to express the earnest hope that inasmuch as the charge has been made from any source that it may be inquired into promptly and with the most searching and unsparing thoroughness, and to say to you that if there is any information of any kind that either I or the law firm to which I belong can at any time furnish it will immediately be made subject to your direction.

Believe me, Mr. Attorney General, with great respect,

Very sincerely yours,

SELDEN P. SPENCER.

VIOLATIONS OF TRAFFIC REGULATIONS

Mr. DIAL. Mr. President, there appeared in the Washington Post this morning the following news item:

An automobile containing six persons were hurled 50 feet and thrown against a tree when it was struck by another machine at Four and a half and K Streets SW. shortly after 5 o'clock yesterday afternoon.

Four occupants of the former machine were injured, one probably fatally. Six negroes who were in the other machine fled after the collision. Two of them were captured. Police found empty liquor bottles in their machine.

Some of those who were injured were little children.

That tells the story, Mr. President. Some time since I introduced a bill proposing an amendment to the Criminal Code, authorizing the United States courts to put on the chain gang people who were guilty of such crimes against the United States. We have been creating judgeships here from time to time and have appointed a great number of additional judges, I take it, largely because the criminal courts have become congested with offenses similar to this, and due largely to liquor. In that way we have had to increase the court costs and naturally increase expenses on the taxpayers. I do not like to be harsh to unfortunate people, but I feel that while the Senate is not to blame wholly for these collisions, yet I do feel that we are not totally blameless. We ought to pass as rigid laws as are necessary to deter people from committing such crimes. I hope that our able Judiciary Committee will consider the bill which I introduced some time ago and will pass a law authorizing the judges of the United States courts to sentence convicts to the same penalty that they now receive in the State courts. In my State, where parties violate the prohibition law, the judges are allowed, for the second offense, to sentence them to the chain gang. I feel that those who willfully violate the law should help keep up the roads of the country. I do not believe the taxpayers should be expected or required to furnish boarding houses for such people. Furthermore, those who are tried in the United States courts are no better than those who are tried in our State courts. If they knew chain-gang sentences awaited them, they would not take chances. Anyway, the judges should have the authority to so sentence.

Mr. FLETCHER. Mr. President, will the Senator yield to me?

Mr. DIAL. I gladly yield to the Senator from Florida.

Mr. FLETCHER. I ask the Senator from South Carolina whether he knows of any effort on the part of the authorities or others looking toward the offering of a bounty to these people who run over and slaughter and slay the citizen who dares to use the streets as he has a right to use them? The authorities seem to turn every one of them loose, and I did not know but what there might have been a tendency to give a bounty of that sort, or even to strike off crosses of honor to reward them.

Mr. DIAL. If Congress should impeach somebody who is perhaps responsible it might help the situation.

MIGRATORY-BIRD REFUGES

Mr. BROOKHART. Mr. President, when the bill (H. R. 745) for the establishment of migratory-bird refuges to furnish in perpetuity homes for migratory birds, and so forth, was messaged over from the House on Saturday I asked that it lie on the table. I was not aware that under the rule it would not be printed under those conditions. In order that the bill may be printed for the information of the Senate I ask now that it be read twice and lie on the table.

Mr. SMOOT. I object to it being read twice. The message may be handed down.

The PRESIDENT pro tempore. The Chair lays before the Senate the following bill from the House of Representatives.

The bill (H. R. 745) for the establishment of migratory-bird refuges to furnish in perpetuity homes for migratory

birds, the establishment of public shooting grounds to preserve the American system of free shooting, the provision of funds for establishing such areas, and the furnishing of adequate protection for migratory birds, and for other purposes, was read the first time by its title.

Mr. BROOKHART. I ask that the bill be printed and lie on the table.

The PRESIDENT pro tempore. Is there objection?

Mr. SMOOT. I want an understanding about it. Does the Senator intend to have it considered at this time?

Mr. BROOKHART. The plan is to substitute for it the bill which the committee has already reported.

Mr. SMOOT. What changes are there in the bill that has been reported?

Mr. BROOKHART. There is no change in the principle of the bill. There is some change in detail. For instance, the most important change, I think, is that the original bill provided that not less than 45 per cent of the revenue should be expended for refuges, and as amended I think it requires 60 per cent.

Mr. SMOOT. I want to see the bill. I want to have an opportunity to read it.

Mr. BROOKHART. That is the reason why I want to get it printed. That is the only object I had.

Mr. SMOOT. The Senator asked that it be read twice.

Mr. BROOKHART. That was simply to get action on it.

Mr. SMOOT. I have no objection to its being handed down at this time.

Mr. BROOKHART. That is all I am asking.

The PRESIDENT pro tempore. Without objection the bill will be printed and lie on the table.

ADDITIONAL JUDGE IN MINNESOTA

Mr. STERLING. Mr. President, I ask unanimous consent to report from the Committee on the Judiciary favorably the bill (S. 4352) to create an additional judge in the district of Minnesota. It authorizes the President to appoint a district judge to fill the place made vacant by the death of Judge Magee. I report it with an amendment in the nature of a substitute and call the attention of the Senator from Minnesota [Mr. SHIPSTEAD] to the measure.

Mr. ROBINSON. I think there should be made an explanation of the emergency character of the legislation. I understand a judge has recently died; that the docket is very much crowded; and that it will be necessary, in order to relieve the congested condition of business in the district, to authorize the President to make an appointment, the judge who died having been a temporary appointee.

Mr. NORRIS. Does the Senator from South Dakota ask unanimous consent for the present consideration of the bill?

Mr. STERLING. I am leaving that to the Senator from Minnesota [Mr. SHIPSTEAD], who introduced the bill.

Mr. NORRIS. I want to call attention to the fact that there are only two hours left to debate the point of order now pending on the Muscle Shoals conference report. I think Senators ought to let those who want to discuss the appeal take the time for that purpose and not use so much time on matters that may well be taken up afterwards. That is only fair.

Mr. STERLING. I think it will take only a moment, and it is a matter of some emergency.

Mr. NORRIS. I understand; but there are only two hours allotted for discussion of the appeal. We may not consume all the time in that way; I do not know; but the Senator from Minnesota has told me that he wanted to talk on the appeal, and I want to talk also. I would dislike to have all the two hours taken up with other matters which can just as well be taken up afterwards.

Mr. STERLING. The bill could have been passed by this time.

Mr. NORRIS. Yes; and then there would have been other matters presented.

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to have the bill considered after the vote on the point of order.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Minnesota?

Mr. NORRIS. Let us wait until we get through with the point of order.

Mr. SWANSON. I would like to have the bill read.

Mr. NORRIS. That is not fair. There are just two hours left to debate the point of order.

Mr. ROBINSON. Of course, an objection would determine the matter.

Mr. NORRIS. I do not want to object; but if we keep on calling up one thing after another we will consume the whole two hours in that way.

Mr. SHIPSTEAD. Very well; I withdraw the request.

The PRESIDENT pro tempore. The request is withdrawn.

Mr. NORRIS. I thank the Senator from Minnesota.

MUSCLE SHOALS

The Senate resumed the considertaion of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill H. R. 518, relating to the disposal of Muscle Shoals, etc.

The PRESIDENT pro tempore. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. NORRIS. Mr. President, I thought the Senator from Minnesota [Mr. SHIPSTEAD] wanted to talk on the pending matter, but I understand he does not at this time. I do not expect to consume the two hours' time. I am anxious to have the matter settled.

The PRESIDENT pro tempore. The Chair probably ought to state, so that all Senators may be advised, that the two hours given for debate upon the question of the appeal began at 12.50 p. m.

Mr. NORRIS. Mr. President, I am anxious to have the attention of Senators at least to a portion of my remarks. We are about to vote upon a question that is of momentous importance, one that transcends the question that is involved, and even the bill that is here for consideration. If we are to overrule the decision of the Chair, in effect it repeals a positive rule of the Senate and we establish a precedent that will bring us trouble in the future. I know that often it is said that the Senate pays no attention to its rules and passes on questions of order in accordance with the idea of Senators as to the merits of the question involved and to which the point of order applies. Very often that can be done without any harm. Many of the rules could be set aside and the effect would only be temporary. But I want to call the attention of the Senate to the fact that this is a rule which goes to a very vital principle of legislation in a free country. If we are to abolish this rule then we might as well turn the legislation of the country over to conference committees to be enacted in secret and without any record.

Let me read the part of the rule that directly applies. It is paragraph 2 of Rule XXVII:

> The conferees shall not insert in their report matter not committed to them by either House, nor shall they strike from the bill matters agreed to by both Houses. If new matter is inserted in the report, or if matter which was agreed to by both Houses is stricken from the bill, a point of order may be made against the report, and if the point of order is sustained the report shall be recommitted to the committee of conference.

According to my understanding of parliamentary law that rule is a simple, concise statement of the general principles of parliamentary law governing conference reports.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER (Mr. JONES of Washington in the chair). Does the Senator from Nebraska yield to the Senator from Florida?

Mr. NORRIS. I yield.

Mr. FLETCHER. Will the Senator now point out specifically what portions of the conference report are new matter and what portions were stricken out, or what should be put in in order to comply with the rule? I would like to have the conference report taken up and the Senator specify in what way it offends as to the particular language in the rule.

Mr. NORRIS. Of course, I expect to do that. As a matter of fact, I have already done it, and when I come to that part of my remarks it will be to some extent repetition of what I have said, but I am going into it.

Mr. FLETCHER. Particularly also as to the basis upon which the Chair sustained the point of order, not only the Senator's view but as he understands the ruling of the Chair. It may be the Chair has not followed the Senator's point all the way through, but if the Senator will point out in what respect the Chair sustains the point of order and in what respect the conference offends under the ruling of the Chair, I shall be glad to have him do so.

Mr. NORRIS. I expect to point those matters out definitely before I sit down.

I want first to offer a few observations, as I had started to do, about the importance of the rule. I hope Senators will not talk louder than I do when I am addressing the Senate.

The PRESIDING OFFICER (rapping for order). The Senate will be in order.

Mr. NORRIS. This is one occasion when I am anxious to have Senators hear what I say.

The PRESIDING OFFICER. The Chair hopes there will be as little confusion in the galleries as possible.

Mr. NORRIS. As I started to say when I was interrupted——

Mr. SIMMONS. Mr. President, would the Senator object to having a quorum call? There are very few Senators present. I agree with the Senator that it is a very important matter.

Mr. NORRIS. I think very few Senators would remain even if they were called in by a quorum call.

Mr. SIMMONS. The Senator does not care for a quorum.

Mr. NORRIS. No; as I said, if we are going to repeal this rule then we might just as well say, which we will in effect say by our action, that the conferees shall have a free hand; that they can put anything in their reports practically that they please. As I said, this is a statement in writing of what before was general parliamentary law. It is, as a lawyer would say, a statutory enactment of the common law. It means much more than the pending bill. It means, as I have heard many Senators say, that on as clear a proposition as this if the Chair is going to be overruled then henceforth as long as they remain in this body they are going to pay no attention to the rules, but they are on all occasions going to vote according to their belief as to the merits of the legislation involved.

We have solemnly agreed upon a rule. If we are going to set it aside for this case, then I give notice now that it is going to be set aside more or less for all cases, and what does that mean? What was the reason for the adoption of this rule? Why was it that we adopted it four years ago? We adopted it by a unanimous vote. It had become apparent that the rule of parliamentary law that prohibited conferees from putting new matter into conference reports was being violated, and that the Senate and the House were having their work nullified by conferees. There was a great clamor over the country that much of our work was done in secret; that, after all, the force and the power that controlled the conference committee controlled the legislation. I am only telling Senators what they all know. It was generally understood that the conferees were the powerful legislators when, as a matter of fact, they ought to have no legislative authority whatever.

Senators were commencing to clamor against the condition, and so amendments to the rules were offered—some of them by myself—and referred to the committee. One amendment was designed to prevent a Senator from serving as chairman, at least, of a conference committee unless he was chairman of the committee that reported to the Senate the bill which was under consideration. Why did that clamor arise? There was more objection to the practice in the Senate than there was in the other House, because a few Members in the Senate of long service had gradually worked themselves up to the top of all of the principal committees. We have somewhat changed that condition, in answer to that demand, and the condition is not so bad as it formerly was; but when a conference committee was named from the leading members of the committee, under the old practice, we always got the same Senators. It did not make any difference whether it was the Finance Committee, the Appropriations Committee, the Judiciary Committee, the Banking and Currency Committee, the Foreign Relations Committee, the Interstate Commerce Committee, or the Committee on Agriculture and Forestry; the Senator who was not the chairman of one of those committees was the second on the other committee or the second on still another committee. So the conference committees of the Senate were always practically composed of the same men. It became known to the country that the conference committees were the committees that actually controlled legislation and that the men who controlled conference committees could be counted on the fingers of one hand.

That was a dangerous condition; that was a condition that would break down the liberties of a free people. That was a condition contrary to the very fundamental principles of a democracy or of a representative republic; but that is where we had gradually drifted; that was the legislative condition of the Senate.

In answer to the cry that came not only from the Senate Chamber but from the country at large, the Senate adopted this rule. It was easier to adopt such a rule than it was to exclude those Senators from conference committees. We had quite a contest over a rule which I offered limiting the number of major committees upon which Senators could serve. That was offered with the object of getting at the composition of conference committees; it was to prevent the selection of the same Senators on conference committees. A kind of compromise was agreed to by party conference of the controlling party in the Senate. It was not definitely placed in the rules, but it was enforced for a while until it was forgotten about, and then the Senate again went on in the old way.

By that method the Presiding Officer would not appoint a chairman of one of the major committees as a member of the conference committee on any bill unless the bill came from the committee of which that Senator was chairman. For instance, I was chairman of the Committee on Agriculture and Forestry; I was also the ranking member on two or three other committees at that time, the Committees on Public Lands and Patents, and at one time of the Committee on the Judiciary, and of the Committee on Banking and Currency. So long as I was chairman of the Committee on Agriculture and Forestry, under that gentlemen's agreement I could not serve on any conference committee where the bill in dispute came from any of the other committees on which I was a member; but I was confined to one. That was intended to accomplish the same purpose as is this rule, to prevent control from being in the hands of three or four men.

Senators all know how conferences are carried on, and it must necessarily be so to some extent. There is not any stenographer there to take down what is said; there is not any record. The conference committees meet in secret. They may invite persons in if they wish to do so, and sometimes they do. Members of conference committees very often consult privately the heads of departments or the President, and carry their recommendations in the conference committee, although they never saw the light of day in either body. That was true in reference to the immigration bill; it happened in that instance. The conference report on that bill was defeated mainly on that ground, because the conferees put in a provision that neither House had inserted. The conferees did that at the request of the President. I am not discussing its merits. I am not saying that was wrong; that is not the point involved at all; but if conferees can do that, then they can legislate behind closed doors and in secret for 110,000,000 people, who suppose they have legislators here who are acting in the open. That is the importance of this question.

We have executive sessions, and we have tried to find out and then punish those who gave publicity to what happened behind closed doors. If the Senate should overrule the Chair in this case, it would itself put the stamp of disapproval and condemnation upon this rule, and Senators will find additional difficulty in conducting secret executive sessions. Senators will refuse to be bound when others are not bound.

I was dumfounded in talking to some of the Senators to learn of their attitude. I talked to two grave and reverend Senators, one of whom told me with his own lips that he had not listened to the point of order; that he did not know what was the point of order; that he did not know anything about it and had not had time to consider it, but he was going to vote to overrule the Chair, because that was what the Executive wanted. I do not mean to say that the Executive was taking a hand in this matter, but the Executive wanted the conference report, and that was the easiest way to get it. I talked with another Senator on Saturday, who looked me in the face and laughed and said, "I have got to vote to overrule the Chair, although the Chair is right." I want to ask Senators how long do they expect everybody else to abide by rules if they are going to trample them under foot like that on an important question such as is now before the Senate? When the Senate arrives at such a condition that none of its Members have any respect for the rules, then we will have a mob instead of an orderly, law-abiding body. I do not criticize the Senator who believes differently, but I know of my own personal knowledge that there would be no doubt about this vote if every Senator voted as he honestly believed he ought to vote under the rules. There are very few Senators who do not believe that the Chair was right in making the decision and that the conference committee did overstep their rights, their duties, and their privileges.

Mr. President, Senators may get away with this to-day, but these chickens are all coming home to roost. They are playing with fire. Let me tell you we are on dangerous ground when by brute force it is proposed to violate a rule of the Senate that is of such vast importance as is this one. It affects practically every law that will be put on the statute books in the course of the next hundred years. It has a direct bearing upon every bill that goes to conference, as a large number of them do go to conference; in fact, all important bills, as a rule, go to conference. If we are going to let conference committees legislate in secret, then we ought not to waste our time trying to legislate in the open only to have our work all undone, all upset, all turned inside out by a conference committee meeting in secret.

Mr. President, the Senator from Florida [Mr. FLETCHER]—and I am sorry he is not now in the Chamber—asked a question about the reasons given by the Chair in making the decision. It was a perfectly proper question, and I wish to discuss it. I wish to say that no Senator can crawl away from his responsibility by saying that the reasons given by the Chair are not good, although he believes other reasons are good. I had a Senator tell me that he thought the reasons given by the Chair were not proper, but that the reasons given in debate on the floor were good.

Mr. SHORTRIDGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from California?

Mr. NORRIS. I yield.

Mr. SHORTRIDGE. Speaking for myself, the regrettable fact is that the Chair did not deem it his duty to point out wherein the conference report does violate subdivision 2 of Rule XXVII.

Mr. NORRIS. Yes.

Mr. SHORTRIDGE. I should be very happy to have the Senator convince me that the conference report does violate the true spirit of subdivision 2 of Rule XXVII.

Mr. NORRIS. I am going to try to do that, but before I do I wish to finish the point I am now on. It will appeal to the Senator from California, who is a great lawyer. Let us say he takes a case to the Supreme Court; he argues it on certain definite points and submits it to the court. After a while the court decides the case, and in its decision absolutely ignores every point the Senator has made in his brief, let us say, but sustains the Senator's contention for other reasons; the Senator is sustained just the same.

Mr. SHORTRIDGE. But suppose the court reverses me and does not give any reason for its action; I am left completely in the dark.

Mr. NORRIS. The court, of course, can pursue either course.

Mr. SHORTRIDGE. And the Senate is left in the dark in so far as the Chair's opinion is concerned.

Mr. NORRIS. Exactly. I will follow the case a little further. Suppose the Senator goes on to the next court and the next court sustains him again, but does it on the very grounds that he set forth. There is nothing wrong about that; that happens frequently; that is a common occurrence in courts which are supposed to be beyond criticism. The court may give no reason at all if it sees fit, but it can ignore the reasons given by the intermediate court or it can hold that the reasons so given were not good and go back and hold that the reasons given by the Senator in his argument in the lower court were good.

Mr. SHORTRIDGE. Then it remains for the Senator or others to point out that the decision of the Chair was correct, assigning the reasons for it.

Mr. NORRIS. Yes, sir.

Mr. President, if any Senator believes that this conference report has violated the rule I have read, he ought to vote to sustain the Chair, although he does not agree with the Chair in a single reason that the Chair gave. That is a fair proposition to a lawyer like the Senator from California, and he must admit it. He can not deny that. In other words, we are deciding it not alone on the reasons given by the Chair but on the reasons pointed out in the debate here.

One Senator told me that he thought the reasons given by the Chair were not good, but that he had listened to the Senator from Wisconsin [Mr. LENROOT], and the Senator from Wisconsin had convinced him; and then he was in doubt as to how he should vote, because he did not agree with the Chair. He did agree that the Senator from Wisconsin had made a good case, and had demonstrated that the point of order was good. There ought to be no doubt in a case of that kind. There is only one thing to do. It does not make any difference whether I give a reason that is good or bad, if somebody else gives a reason that convinces you.

It would be just as unreasonable, after some Senator had listened to me the other day in pointing out these errors that I believe were committed by the conference report, to say, "I did not agree with the Senator on anything," and then afterwards listen to the Chair in giving his analysis of the case, and say, "I did agree with the Chair," and then say, "Well, I will vote against the Chair because I did not agree with both of them." That is not logical.

Mr. SHORTRIDGE. Mr. President, may I make a further suggestion?

Mr. NORRIS. Yes; I yield again.

Mr. SHORTRIDGE. Of course, what we are trying to determine is whether this conference report does or does not violate subdivision 2 of Rule XXVII according to its true spirit and meaning.

Mr. NORRIS. That is right. The Senator has stated it much more explicitly and concisely than I could state it.

Now, Mr. President, I am going to take up some of these reasons.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from New York?

Mr. NORRIS. Yes.

Mr. COPELAND. What is the use of having a rule if we play battledore and shuttlecock with it, and simply have a vote every once in a while to determine whether we are going to apply it in this case or the other case? Why have a rule under those conditions?

Mr. NORRIS. We ought not, I will say to the Senator, and if we override a rule which is of such vital importance to legislation as this rule is, it will not be long until we will have no rules.

There is a great difference in our rules. Some are of vast importance and far-reaching. There is not another rule in our Manual that is so far-reaching as this one. There is not a single other rule that means so much for the liberties—I say the liberties—of our people. If we want to prevent secret legislation by conference committees, we must sustain the Chair now, for we are traveling right in the direction of that kind of a precipice.

I went over these reasons the other day. A good many Senators were not here at that time, and now most of the Senators have disappeared, when I am about to take them up at the request of some Senators who said they wanted light upon the matter, and who are not here.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from New York?

Mr. NORRIS. I do.

Mr. COPELAND. It seems to me we ought to have a call of the Senate.

Mr. NORRIS. There is no way to compel Senators to stay. I hope the Senator will not make the point. There are some few here yet.

Mr. COPELAND. Mr. President, unless the Senator seriously objects, I feel inclined to suggest the absence of a quorum. I think it is a shame to have a matter of this importance discussed in the absence of a quorum.

The PRESIDING OFFICER. The Senator from New York suggests the absence of a quorum.

Mr. NORRIS. I do not yield for that purpose, Mr. President.

The PRESIDING OFFICER. In the opinion of the Chair, the Senator can make the point of order whenever he desires to do so.

Mr. NORRIS. Whether I yield or not?

The PRESIDING OFFICER. Yes.

Mr. NORRIS. Very well.

The PRESIDING OFFICER. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Bayard	Fess	McNary	Simmons
Bingham	Fletcher	Mayfield	Smith
Borah	George	Means	Smoot
Brookhart	Glass	Metcalf	Spencer
Broussard	Gooding	Neely	Stanfield
Bruce	Hale	Norris	Stanley
Bursum	Harris	Oddie	Stephens
Cameron	Heflin	Overman	Sterling
Capper	Howell	Owen	Swanson
Caraway	Johnson, Calif.	Pepper	Trammell
Copeland	Johnson, Minn.	Phipps	Underwood
Curtis	Jones, N. Mex.	Pittman	Wadsworth
Dale	Jones, Wash.	Ralston	Walsh, Mont.
Dial	Kendrick	Ransdell	Warren
Dill	Keyes	Reed, Pa.	Watson
Edge	King	Robinson	Weller
Edwards	Ladd	Sheppard	Wheeler
Ernst	Lenroot	Shields	
Fernald	McKinley	Shipstead	
Ferris	McLean	Shortridge	

Mr. PHIPPS. I desire to announce that the Senator from New Hampshire [Mr. MOSES] and the Senator from Tennessee [Mr. MCKELLAR] are in attendance on a conference committee.

The PRESIDING OFFICER. Seventy-eight Senators have answered to their names. A quorum is present.

Mr. NORRIS. Mr. President, if Senators will refer to the bills where they are printed in parallel form, on page 17, they will find this language:

> The President is hereby authorized and empowered to employ such advisory officers, experts, agents, or agencies as may in his discretion be necessary to enable him to carry out the purposes herein specified,

and the sum of $100,000 is hereby authorized to enable the President of the United States to carry out the purposes herein provided for.

Mr. President, that provision is new. It is in neither the House bill nor the Senate bill. There is nothing in either bill that by any contortion of construction can be construed into meaning that. It is absolutely new. We never have had that question up in the Senate before the conference committee brought it in. The House never had it up in the House. It is new.

Suppose you wanted to amend that. Ought not the Senate and the House to have an opportunity to say that $100,000 is too much for that purpose? A mighty good argument can be made to the effect that nothing is necessary for that purpose. I do not think anything is necessary. Nobody ever thought anything was necessary, either in the House or in the Senate.

Suppose we wanted to have a chance to amend that. Suppose we thought $25,000 was enough. Suppose, on the other hand, we thought it ought to be $200,000. How would we get it? There is no way on earth to get it.

Mr. SHORTRIDGE. Mr. President, may I ask the Senator a question right there?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from California?

Mr. NORRIS. Yes.

Mr. SHORTRIDGE. I invite the Senator's attention to the language of the section he has just quoted. It is not an appropriation.

Mr. NORRIS. I do not care whether it is an appropriation or not.

Mr. SHORTRIDGE. It is, at most, an authorization.

Mr. NORRIS. Yes.

Mr. SHORTRIDGE. And Congress might not appropriate it.

Mr. NORRIS. Of course not; but the President would be authorized to go ahead and make the contract. He is authorized to do it, he has authority to do it, and he can do it without an appropriation, and we are bound as a matter of law——

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Nevada?

Mr. NORRIS. I yield to the Senator.

Mr. PITTMAN. The Senator asks what remedy we would have. We could vote down the conference report, could we not?

Mr. NORRIS. Oh, yes; we could.

Mr. PITTMAN. And in that event it would go back to the respective Houses.

Mr. NORRIS. Yes; and that is what will happen to it if the point of order is sustained.

Mr. PITTMAN. Exactly. There are two methods, however, of disposing of it.

Mr. NORRIS. Oh, yes.

Mr. PITTMAN. One is by a point of order, and the other is by a vote.

Mr. NORRIS. I admit that.

Mr. PITTMAN. We are not entirely without remedy, even if the point of order should be overruled.

Mr. NORRIS. The Senator is quite right about that. A Senator may vote against the conference report for the very reason that this language is found in it, and for no other reason, if he cares to; but, as a matter of fact, I think Senators as a rule would not do that. It is the object of the rule that a matter shall be brought up in the very way this has been brought up. The rule specifically says that a point of order may be made, and that if it is sustained, then the report must go back. It is better to have the report go back in this way, because then the conferees will have indicated to them where the error is. If there were a vote on the merits of the conference report, it might be voted down because it had in it things like this. The Senate might in reality want to adopt the conference report, and might adopt it if those things were not in it. This is the way to get such things out. This is the legal way to get them out and the proper way to get them out, because the rule specifically says so.

The Senator from California [Mr. SHORTRIDGE] has referred to the fact that this conference bill does not provide an appropriation. It does not make a particle of difference whether it is an appropriation or not. It will be the law. If it should be agreed to by both the House and the Senate, and be signed by the President, the next day the President could make a contract to the extent of $100,000, provided for here, and we would appropriate the money, or, if the case went before the Court of Claims in a suit against the United States they would render judgment against the United States for that amount, because here is specific authority for the President to make such a contract. It does not say "authorized as appropriated by Congress." It is definitely authorized; it is an absolute authorization.

Suppose the committee of conference, instead of inserting this little clause authorizing the expenditure of $100,000, had inserted a provision authorizing the expenditure of $10,000,000 or $100,000,000. There would be no way of getting rid of that except by defeating the whole conference report, if it were not subject to a point of order. That would not be a very good thing to do, because it would embarrass Senators. It might be thought that they were opposed to the whole conference report if they should vote to defeat it on that ground. Now, we have an opportunity to purify this report. If the conferees could put in $100,000, they could put in $100,000,000 just as well. Should we have anything to say about it? Does any Senator think that when this kind of a proposition is before us, we should not have a right to offer an amendment to it to increase the amount or to decrease the amount, to extend the authority or to limit the authority? We would have no opportunity of that kind. We never have had an opportunity to pass on it, have never had an opportunity to consider it, have never had an opportunity to offer an amendment, or anything of the kind. This is a plain violation of the rule. I do not see how anybody can get away from that. There can not be found, either in the bill as it passed the House or in the bill as it passed the Senate, a sentence or a clause that could be held to be a foundation for this proposition.

Mr. SHORTRIDGE. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. SHORTRIDGE. I think we can save time by this Socratic method of argument.

Mr. NORRIS. I yield willingly.

Mr. SHORTRIDGE. The President is given certain powers to do certain things by the bill, is he not?

Mr. NORRIS. Yes.

Mr. SHORTRIDGE. It is not expected that he would physically do these things, is it?

Mr. NORRIS. I do not suppose so.

Mr. SHORTRIDGE. Then, do we not impliedly give him the power to employ assistants——

Mr. NORRIS. No.

Mr. SHORTRIDGE. In the carrying out of the work?

Mr. NORRIS. He has his assistants.

Mr. SHORTRIDGE. That is my point, that impliedly we give him the power to call in assistants.

Mr. NORRIS. I concede that this provision would have been all right if offered as an amendment when the bill was before the Senate, but it was not offered and was not agreed to. Suppose it had been offered when the bill was before the Senate and had been voted down, would the Senator think that the Senate conferees could have put it back? They would have the same authority then they have now.

Mr. SHORTRIDGE. I am relying upon the principle which applies in construing or interpreting the Constitution of the United States. For instance, Congress has power to declare war. Impliedly, Congress has power to carry on war. Impliedly it has power to do anything necessary to the successful carrying on of war. Many other illustrations can be given. When we give specific power we impliedly confer necessary power to carry out the prime object of the power delegated, and in this case it has seemed to me that, giving the President the power to do something, as provided in the bill, it was clearly contemplated that we conferred upon him impliedly the power to employ experts and assistants in order that he might carry out the powers we specifically conferred upon him. As to the appropriation, there is none. It is, in the language of the provision, to be hereafter determined by the Congress. If the President, in the exercise of his implied power, employs somebody, even then it will still be for Congress to determine how much will be paid for the service rendered. That is my position.

Mr. NORRIS. Technically, of course, Congress could refuse to appropriate money to pay the President's salary. Suppose this provision were allowed to remain in the bill, and the President should enter into a contract with some one in which he would say, "I am going to employ you to draw up some papers, to go down to Muscle Shoals and look this over, to see what you think about it and report to me what you think about it, and I will give you $100,000." If he should make a contract with some one of that kind, the Government of the United States would be liable. The only reason why the man employed could not sue in an ordinary court and get judgment would be because one can not sue the Government without its consent. But the man could sue in the Court of Claims, and he would get a judgment for a hundred thousand dollars. That would be a contract made in pursuance of law.

The Senator says that we have the power to declare war. We have in this case authorized the President to make a lease.

Now, in this clause we are asked to give him authority to hire somebody to draw up the papers for him, let us say. Suppose Congress should pass a resolution declaring war, and conferees were considering the proposition and reported back. Remember, now, there is nothing before them but a simple declaration of war. If we are going to carry on a war against a country, it means a big Army, it means some more munitions, it means the purchase of a lot of things. Suppose the conferees, having that kind of a measure before them, put into it a provision directing the President immediately to draft a hundred million men, authorizing him to provide for the manufacture of a billion dollars' worth of cannon and munitions of war, and went into all the details, put everything into their report. Would the Senator contend for a moment that that would not be subject to a point of order, although the conferees could come back and say, as the Senator does in this case, "How are we to carry on war without all these things?"

The point is that Congress has jurisdiction to say how it shall be carried on. It is in their judgment to say how much money shall be spent. It is in their judgment, in this matter, to say how much a contract shall provide for. It is in their judgment as to whether anybody shall be employed to draw up the papers, to look over the lease, or anything of the sort. The President may think that is necessary, but the conferees can not legislate anything into a bill. All those things I have mentioned would be germane, but where would Congress come in?

Mr. President, of course this discussion is going to the merits of the proposition, which I do not care to discuss; but the Senator's question leads me to it. He says the bill does provide that the President shall do certain things, that it provides for the hiring of assistants to do certain things. That of itself, taken on its face, is subject to a point of order, because it is for Congress to say what assistants he shall have, whether he shall have one, or two, or a thousand; whether he shall pay them $10 a day or $100 a day; whether he shall have experts or not. Everybody knows he does not need any extra assistants. He has all he needs—the Attorney General, the Secretary of War, and everybody right down the line. There is no necessity for an additional assistant, if we come to that part of it, although Congress has the authority to put such a provision in if it sees fit to do so. The fact is that Congress did not put that provision in; neither the House nor the Senate put it in; the conferees inserted it.

Mr. SMITH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from South Carolina?

Mr. NORRIS. I yield.

Mr. SMITH. I would like to ask the Senator a question, as the time is limited and I shall not take the floor to discuss this matter, because I take it for granted that there is not a Senator on the floor who does not acknowledge that there is absolutely new matter in this report of the conferees; that this amendment was not even contemplated, and therefore the question of the germaneness is as attenuated as to say it may be done at Muscle Shoals. Does the Senator from Nebraska remember whether there was anything said in the so-called Ford bill or in the bill that was ultimately passed by the Senate that contemplated giving the President the power to determine the value to the Government, in the matter of navigation, of the locks and dams?

Mr. NORRIS. No.

Mr. SMITH. Incorporated in this report is a provision giving the President the power to determine the value of the locks and dams to navigation, and, subtracting this amount from the cost of Dam No. 2, levy the 4 per cent on the balance. He could reduce it to the vanishing point and give the whole proposition to the lessee without his paying one cent.

Mr. NORRIS. There is no doubt about that, and before I get through I am going to discuss it. The Senator has anticipated me just a little.

Now, I want to pass on from this point, although I want to say to the Senator that if this point is good—and I can not see how anybody can dispute it for a moment—then the point of order must be sustained, and that means that the ruling of the Chair will be sustained, even though Senators do not believe another thing I say or anything the Chair says.

I want now to take up another point. In the conference bill, on page 13, there occurs this language:

> The appropriation of $3,472,487.25, the same being the amount of the proceeds received from the sale of the Gorgas steam power plant, is hereby authorized for the continued investigation and construction by contract or otherwise as may be necessary to prosecute said project to completion. Further expenditures to be paid for as appropriations may from time to time be made by law.

There is not a thing in the bill as it passed the Senate or in the bill as it passed the House upon which that can be hinged; not a thing. That is entirely and absolutely new. The conferees have put that in.

The Senate bill contains no hint of anything of the kind. For fear some one may say that the language "the same being the amount of the proceeds received from the Gorgas steam plant" may make it in order because connected with the Ford bill, I want to read what the Ford bill said on that subject, on pages 16 and 17. Senators will remember that when Henry Ford made his original bid it included what is known as the Gorgas steam plant over on the Warrior River, that while action was pending here the Secretary sold that steam power plant. So the House in contemplating and trying to compensate Mr. Ford because that much included in his bid was sold by the Government and the Government no longer owned it, provided as follows in section 19, page 16 of the House bill:

> SEC. 19. The Gorgas steam plant and transmission line having been sold by the United States, and Henry Ford having included said steam plant and transmission line in his offer of May 31, 1922 (as found in section 12 and in subsection (d) of section 11 of said offer), in order to provide a substitute steam plant the Secretary of War is hereby authorized and directed to acquire by purchase or condemnation a suitable site for a steam power plant, to be located at or near Lock and Dam No. 17, Black Warrior River, Ala., together with a strip of land 100 feet wide to serve as a right of way between said steam power plant and nitrate plant No. 2, Muscle Shoals, Ala., with connection to Waco Quarry, near Russellville, Ala.
>
> The Secretary of War is further authorized and directed to contract with Henry Ford or the company to be incorporated by him for the construction at cost of a steam power plant having a generating capacity of approximately 30,000 kilowatt (40,000 horsepower), a transformer substation of similar capacity, and a transmission line of suitable design and capacity connecting said steam power plant with nitrate plant No. 2 and the Waco Quarry, all under the supervision of the Chief of Engineers, United States Army. The plans and specifications for said power plant, substation, and transmission line shall be prepared by Henry Ford, or the company to be incorporated by him, and approved by the Chief of Engineers, United States Army.

That has not any connection with this language. I read it only because it is the only place in the Ford bill where any reference is made to the Gorgas plant. This is an authorization of appropriation of about $3,500,000 to carry on the work down there. There is not a thing about it in either one of the bills except that which I have read, and it seems to me a blind man could see that it has no connection with it whatever.

Mr. President, it seems almost axiomatic; it seems so plain to me that it is embarrassing even to argue that anybody for a moment can say that a provision like that is not subject to the point of order. Suppose they said in there $40,000,000 instead of $3,000,000. Do not Senators think that we ought to have the right to amend it if we think it ought to be amended? Are we going to shut the door here and preclude ourselves from any amendment where millions and millions of dollars are involved? Yet we have no right to amend.

Has anybody in the House had a right to offer an amendment to that provision? No; the House has never considered it. Has any House committee ever had any right to suggest an amendment to it? No; no committee of the House has ever considered it. Has any committee of the Senate ever had any right to consider it or offer an amendment? No; none has ever been had and no opportunity ever given. Has any Senator ever had an opportunity to offer an amendment to it? No; we have never had it before us. Now, it comes before us in the shape of a conference report, where we are precluded from offering an amendment, from making a suggestion. We must either accept it or reject it as a whole. It is preposterous. It is delegating into the hands of two or three men behind closed doors the power to act for us and through us for our Government where more than $140,000,000 of the taxpayers' money is involved.

Mr. SMITH. And in violation of the rules of the Senate.

Mr. NORRIS. Of course, it is in violation of the rules.

Mr. SHORTRIDGE. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from California?

Mr. NORRIS. I yield.

Mr. SHORTRIDGE. Practically the same question was in substance put to the Senate by the Senator from Nevada [Mr. PITTMAN]. It seems to me it is quite conceivable that a point of order might not be well taken, and so the Chair would be overruled if we so held, but a Senator might vote against the

whole report because of his objection to some particular item in it.

Mr. NORRIS. Yes; I concede that.

Mr. SHORTRIDGE. So it does not necessarily follow that the Senate is driven to do something against its will because of the ruling of the Chair on the point of order. We still have the power to reject the report upon some particular ground, and then the conferees will meet again.

Mr. NORRIS. And put it back in again.

Mr. SHORTRIDGE. No; they would not do that.

Mr. NORRIS. How are the conferees to know that we reject it because this language is in if we do not sustain the point of order?

Mr. SHORTRIDGE. As a result of the argument they would see that it was objectionable, or rather they might be persuaded that it was.

Mr. NORRIS. Who is going to persuade them?

Mr. SHORTRIDGE. The Senator from Nebraska.

Mr. NORRIS. But they meet in secret session. I can not be there, and the Senator can not be there unless they invite us in.

Mr. SHORTRIDGE. They would take notice of what the Senator from Nebraska said.

Mr. NORRIS. No; they would take notice of what the Senator from California said. They would say, "The great Senator from California said it was not subject to a point of order," and would put it back again.

Mr. SHORTRIDGE. That would be to agree with me upon the technical point of order; but I might disagree with the conferees as to the substance of the item in the report.

Mr. NORRIS. The reason why the rule enables us to do it in this way is for that very purpose, so we will not be compelled to take the substance of something we have never had an opportunity to consider. That is the reason for the rule, not to let them legislate in secret and put it up to us without any opportunity to amend it or to change it any way.

Mr. SHORTRIDGE. I can understand how the conferees in good faith might make a report coming within the rule, and yet I might not agree with their conclusion.

Mr. NORRIS. Oh, yes.

Mr. SHORTRIDGE. In which event I might quite candidly and clearly say that the point of order raised against the item was not well taken, but that I, nevertheless, was opposed to the item and would vote to send it back to conference.

Mr. NORRIS. The Senator could say that. I concede that. But it seems to me, with all due respect to the Senator from California, that he is rather begging the question when he says that although this may all be true we can vote against the conference report for the very reason he is giving now against the item, which is true, but that would hardly be fair to the conferees. I take it that the rule was adopted for the reason that would enable conferees, when a report goes back to them again, to know what they have to take out and where they made the mistake. If we follow the line suggested by the Senator from California, there is no way for them to know that. They will say, "They have approved this report of ours when the particular attention was called to it by a point of order. The Senate approved it by a vote, therefore it is all right, and there is some other reason why they voted it down." Then the conferees will put it all back in even if we voted it down in that way and it went back to another conference.

The object of the rule is to expedite legislation and bring us sooner and more quickly to an ultimate conclusion. Therefore the rule provides that a point of order can be made against it, just as I have made it. If it is new matter which was not brought before either House, then it is the duty of the Senate under the rule to sustain the point of order.

Mr. President, I want to discuss again the question of fertilizer. I did it the other day, but the Senator from Alabama [Mr. UNDERWOOD] discussed it in reply, and I want to take up his reply.

Mr. SHORTRIDGE (at 2 o'clock and 10 minutes p. m.). Mr. President, may I inquire at what time the two-hour limit on debate expires?

The PRESIDING OFFICER. The two-hour limit on debate expires at 2 o'clock and 50 minutes p. m.

Mr. NORRIS. In my discussion the other day I said that the Ford bill provided for 40,000 tons of nitrogen. The Senate bill provided for 10,000 tons of nitrogen the third year, 20,000 tons of nitrogen the fourth year, 30,000 tons of nitrogen the fifth year, and 40,000 tons of nitrogen the sixth year and thereafter. Now, the conference report provides for less than either one of the other bills. In other words, to make it plain, let us eliminate some of the clauses in it and say that the House bill provides for 40,000 tons and the Senate bill for 10,000 tons. Now, the conference report provides for 5,000 tons. Clearly it is subject to a point of order. That is just what happened here, except that the amounts are different. If the Senator from California, who is interested in that matter, will refer to the Senate bill, on page 3, the conference bill, on pages 3 and 4, and the House bill, on page 10, he will find the references in that respect.

Now, to my amazement the Senator from Alabama [Mr. UNDERWOOD] in answering me said: "It is not less than the Ford bill, because that bill provided for no fertilizer at all. It did not provide for 40,000 tons of fertilizer. Under the Ford bill Ford or his company did not have to make any fertilizer at all unless he could make it at a profit." I wish that the people of the country would read the speech of the Senator from Alabama. That was one of the contentions over the Ford proposition. I would not have discussed the Ford proposition if this had not crept into it and been brought into it by the Senator from Alabama. Are we to be told now by the leader of those cohorts that wanted to turn this property over to Ford—the Senator from Alabama [Mr. UNDERWOOD]—that after all the critics of the Ford proposition were right and that Ford did not have to make any fertilizer? That is in substance what he said. The cloak is off finally. The truth is known now. The cat is out of the bag after Ford's proposition is withdrawn.

I was denounced from one end of the country to the other in all kinds of ways because I said under the Ford proposition it would not follow that he would have to make any fertilizer.

I could not use language which would be permissible on the floor here under the Senate rules if I should repeat the epithets that have been hurled at me because, in substance, I argued in that way. The farmers all over the country were told "Ford has agreed to make fertilizer containing 40,000 tons of nitrates annually." They all believed it, and that accounted for the powerful support that was behind the Ford proposal. Now comes the Senator from Alabama and makes a statement which I desire to read. It is found on page 4134 of the RECORD of February 19, 1925, and is as follows:

> But what I am contending is that the language of the Ford bill did not require the lessee, Mr. Henry Ford, absolutely to make 40,000 tons of fertilizer, but it provided that he might make that amount "when practicable" to do so and "according to demand."

I wonder if the farmers of Alabama and of the great South and all over the country will be surprised when they hear that language coming from the Senator from Alabama? Again the Senator from Alabama stated:

> I only say that to show that the conferees in considering the Ford bill and the Senate bill did not have before them provisions merely calling for the production of 40,000 tons of nitrogen, but they had in the Ford bill a provision which allowed the production of an indeterminate quantity.

Do the farmers of the country begin to realize that their great leader here is admitting that their entire cause was based on misrepresentation? Again the Senator from Alabama stated:

> Mr. President, as I have said, the conferees were not tied to a hard-and-fast requirement as to 40,000 tons, because the bill embodying the Ford offer was in conference and that bill did not make a hard-and-fast requirement as to the production of 40,000 tons of fixed nitrogen.

Mr. President, it is true that I argued, as others argued, that the Ford bill did not require the making of 40,000 tons of nitrogen. Furthermore, there were coupled with the proposal the words "according to demand." Personally, I never cared much whether the words "according to demand" went in or not; it was the other language with which I was concerned. If I was wrong during all the time that I was denounced as being wrong by the Ford adherents, it must be admitted that the Ford proposition was a mockery, a sham, and a deception upon the American farmer, or the Chair must be sustained in his ruling.

If Ford were required to make any fertilizer, 40,000 tons was the only amount designated. If he were not required to make that amount, he was not required to make any. If those who were behind the Ford offer and who are now to a great extent behind the Underwood bill wish to admit that the Ford offer never did provide for the production of 40,000 tons of fixed nitrogen, then I concede that, so far as that is concerned, my point of order is not good. Either the advocates of that proposition were practicing deception then, or their great leader is doing it now; they may take their choice. Either Ford was required under that contract to make 40,000 tons of nitrogen, or he was not. If he was not so required, then those favoring the adoption of his offer have been deceiving the people during this

whole fight. If Mr. Ford was not required to make any fertilizer, then, on that proposition, my point of order is not good. I have assumed that those making the contention were honest in their advocacy and that they conscientiously believed that Mr. Ford was required to make that amount of nitrogen. I assume that yet, Mr. President; I do not even now question anyone's sincerity about it; and, taking that assumption as true, then the point of order can not be overruled; then the Chair must be sustained; there is no other way out of it.

However, Mr. President, there is something else in the fertilizer provisions that is entirely new.

Mr. SIMMONS. Mr. President——

Mr. NORRIS. I yield to the Senator from North Carolina.

Mr. SIMMONS. I wish to ask the Senator if it be a fact that the words "if practical" were a mere limitation, and under that limitation Mr. Ford might not have been required to produce any fertilizer at all, under the conference bill would not the same condition exist, so that under certain circumstances no nitrogen would have to be produced at all but only phosphoric acid?

Mr. NORRIS. The Senator is absolutely correct.

Mr. SIMMONS. That is the point I wish the Senator would stress, because I want the farmers of the country to understand that this bill is now so drawn, however the Ford bill may have been drawn, that the farmer has really no assurance that he will get any increase in the quantity of nitrogen produced by reason of the adoption of the conference report, if it should be adopted, but will merely get an increase in the supply of phosphoric acid, a commodity which is already produced in this country far in excess of the demand.

Mr. NORRIS. The Senator is correct. I was coming to the provision in regard to phosphoric acid as found in the conference bill.

Mr. SIMMONS. The idea I wish to suggest to the Senator is that if somebody were juggling the Ford proposal so as to make it possible to deceive the farmer as to the amount of nitrogen he is going to get, somebody was also juggling the conference report so as to deceive the farmer.

Mr. NORRIS. I read from the bill as agreed to in conference as found on page 3 of the print in parallel columns:

> In order that the experiments heretofore ordered made may have a practical demonstration and to carry out the purposes of this act, the lessee or the corporation shall manufacture nitrogen and other commercial fertilizers, mixed or unmixed, and with or without filler, on the property hereinbefore enumerated, or at such other plant or plants near thereto as it may construct, using the most economic source of power available, with an annual production of these fertilizers that shall contain fixed nitrogen of at least 10,000 tons during the third year of the lease period, and in order to meet the market demand said annual production shall be increased to not less than 40,000 tons the tenth year of the lease period.

Under the bill as it passed the Senate the lessee had to reach a production of 40,000 tons the sixth year. Therefore it is apparent that as much fertilizer will not have to be produced under the conference bill as would have been required to be produced under either the Ford bill or the bill as it passed the Senate. The Ford bill called for the production of 40,000 tons a year; the Senate bill brought the production up to 40,000 tons the sixth year, while the conference bill does not bring it to that point until the tenth year, and even that is modified. The clause reads:

> and in order to meet the market demand, said annual production shall be increased not less than 40,000 tons the tenth year of the lease period.

I should like the Senator from California, with his ingenuity and his ability, to explain how that does not go outside of the measure that was passed by the Senate and the measure that was passed by the House, if he assumes that the Ford people were telling us the truth when they said that Mr. Ford would be required to produce 40,000 tons a year.

Mr. SHORTRIDGE. Mr. President, if the Senator will give me five minutes of time before the hour of voting, I will undertake to make answer.

Mr. NORRIS. I thought the Senator would probably tell me immediately.

Mr. SHORTRIDGE. Then I will endeavor to answer the Senator now. I understand the argument to be that the Senate bill calls for the production of a certain amount of nitrogen.

Mr. NORRIS. Yes.

Mr. SHORTRIDGE. I understand the argument to be that the House bill embodying the Ford plan was indefinite as to the amount.

Mr. NORRIS. No; it required the production of 40,000 tons.

Mr. SHORTRIDGE. No; the Senator from Alabama has explained that.

Mr. NORRIS. I am assuming now that the House bill did require the production of that amount of nitrogen. If the Senator takes the other view, then I concede, as I have said, that the point of order in that respect is not good.

Mr. SHORTRIDGE. Precisely.

Mr. NORRIS. If the Senator from Alabama is correct now, and says the Ford bill never did require the production of 40,000 tons of nitrogen, that it did not mean anything, then I concede that as to that point the point of order is not well taken. So it will not be necessary for the Senator to argue on that basis. But, assuming that the Ford adherents were not trying to deceive us, assuming that the Ford adherents were telling us the truth—that Ford did agree to produce 40,000 tons annually—then I should like to have any one on earth tell us how the conference bill gets inside of the rule.

Mr. SHORTRIDGE. I am not at present concerned with the attitude of the Senator from Alabama taken on a former occasion. I am now inviting attention to an argument which appears to me to be more or less persuasive. It was argued that under section 14, found on page 10 of the House bill, the quantity to be produced was not definitely fixed.

Mr. NORRIS. I hope the Senator will not take up my time with that, because I concede that point. I admit it. There is not any argument necessary, as far as I am concerned, on that point.

Mr. SHORTRIDGE. But it was for the conferees to reach a conclusion, an agreement as to amount.

Mr. NORRIS. Exactly. If that is true, if the Ford bill was a snare and a deception and a delusion, then the conferees, as far as the amount of fertilizer is concerned, were within their jurisdiction. To sustain this bill that is just what you have to argue, and I have wondered if anybody dared do it.

Mr. SHORTRIDGE. I dare to do it. I do not use the word in an offensive way.

Mr. NORRIS. The Senator, as I remember, was not going over the country advocating the Ford bill.

Mr. SHORTRIDGE. No. I had listened with great interest and profit to the splendid argument of the Senator from Nebraska.

Mr. NORRIS. The Senator can do that, then. The Senator is perfectly logical if he assumes that Ford was not required to make 40,000 tons of fertilizer annually. Then my point, as far as the amount of fertilizer is concerned, is not good; and they could have brought in here a measure providing that he did not have to make any fertilizer.

Mr. SHORTRIDGE. But he might have been obligated to make some quantity.

Mr. NORRIS. I do not think so. It might have been a pound or two, or a bushel, or a half bushel, or a peck, or something of that kind.

It seems to me this proposition is up to the Ford people: "Either you were deceiving us before or you are doing it now"; but I base my question to the Senator from California on the assumption that the Ford people were not deceiving us, and that they were telling us the truth, and that Henry Ford had agreed to make 40,000 tons of fertilizer a year. Assuming that to be true, then the point of order must be sustained on that point.

That, however, is not the only thing in the fertilizer. I will read you something else that is new, regardless of the trick that was in the Ford bill:

> In order that the experiments heretofore ordered made may have a practical demonstration, and to carry out the purposes of this act, the lessee or the corporation shall manufacture nitrogen and other commercial fertilizers, mixed or unmixed, and with or without filler, on the property hereinbefore enumerated, or at such other plant or plants near thereto as it may construct, using the most economic source of power available, with an annual production of these fertilizers that shall contain fixed nitrogen of at least 10,000 tons during the third year of the lease period and in order to meet the market demand, said annual production shall be increased to not less than 40,000 tons the tenth year of the lease period, the terms and conditions governing the annual production within said 10-year period shall be determined by the President: *Provided*, That if in the judgment of the President, the interest of national defense and agriculture will obtain the benefits resulting from the maintenance of nitrogen fixation plant No. 2 or its equivalent in operating condition by so doing, then he is authorized to substitute the production of fertilizers containing available phosphoric acid (computed as phosphoric anhydride P 205) for not more

than 25 per cent of the nitrogen production herein specified at the rate of not less than 4 tons of phosphoric acid annually for each annual ton of nitrogen for which the substitution is made.

At no place in either bill was there any provision for a substitution of phosphoric acid for nitrogen production. It is absolutely and entirely new, just as though it came out of the clear blue sky. No suggestion is anywhere made in the Ford bill, no suggestion is anywhere made in the Senate bill for such a substitution. No suggestion is made for the production of phosphoric acid. In the conference bill the President is given authority, if he sees fit, to substitute phosphoric acid for nitrogen.

Mr. SMITH. And that means, Mr. President, if the Senator will allow me, under the terms of this bill not 40,000 tons annually but 75 per cent of it, 25 per cent of phosphoric acid to be substituted.

Mr. NORRIS. Yes; at the rate fixed in the conference bill. Senators, suppose that had been offered in the Senate bill. Do you not suppose that some Senator would have wanted to offer an amendment to it? Take the Senator from South Carolina [Mr. SMITH], who is an expert on fertilizer, who has had practical experience for many, many years in the application of fertilizer to the soil: Does anybody doubt but that if that had been in the Senate bill, where he had an opportunity, he would have offered some suggestion of improvement to it? Can we benefit by his experience and his knowledge now? No. He can not offer any amendment to that. He is precluded from offering an amendment to it.

Why, Mr. President, suppose that had been in the Ford bill and had come before the Committee on Agriculture and Forestry. We would have had our experts on that proposition from the Agricultural Department and chemists from other parts of the country to testify as to whether that was the right way to get fertilizer. If that is a good thing, we can get it a good deal cheaper than we can get it out of the air.

Mr. SMITH. And let me make another suggestion: There is a significant fact connected with this. There are but three ingredients commonly used—nitrogen, potash, and phosphoric acid. Potash is very difficult to get in this country. The fact is that potash for fertilizing purposes is not produced in this country to any extent. It is imported from Germany. Phosphoric acid, however, is almost as common as sand. If they were going to substitute something else, why did they not substitute the production of potash, which they can produce under the same process by which nitrogen is produced?

Mr. SHORTRIDGE. Mr. President, what are we all aiming at? It is to get fertilizer, is it not?

Mr. SMITH. Not in this bill.

Mr. SHORTRIDGE. Why, of course we are all trying to get fertilizer.

Mr. NORRIS. No; that is what we were aiming at when we considered the Ford bill, but we are told now that we were mistaken.

Mr. SHORTRIDGE. We may be.

Mr. NORRIS. But, Mr. President, because we are trying to get fertilizer for the farmer, when the House bill provides, let us say, for the production of potash, and the Senate bill provides for the production of nitrogen, and we send the matter to the conference committee, and they strike out both of them, so as to give the lessee less expense, and say: "Here, we will substitute phosphoric acid"—which, as the Senator says, is almost as common and as easily gotten as sand—does the Senator mean to say that they were within their province when they did that? That is what they have done here.

Mr. SHORTRIDGE. Mr. President, am I right, or do I dream? Are we not trying to produce fertilizer?

Mr. SMITH. Let me answer that.

Mr. SHORTRIDGE. I am not concerned as to the ways and means to achieve that result. I want some fertilizer for the farmer.

Mr. SMITH. Will the Senator let me answer that?

Mr. NORRIS. I yield.

Mr. SMITH. Yes; we are trying to produce fertilizer, the ingredient that we have not got. We have two; but the essential ingredient, the third ingredient in the combination, the one that is worth all the others put together, is nitrogen, which we have not got, and we have to depend upon Chile to get it.

Mr. SHORTRIDGE. In this atmosphere that surrounds our little globe, and out into God's heavens, there is a great deal of nitrogen.

Mr. NORRIS. Yes.

Mr. SHORTRIDGE. But we do not know yet how to rescue it or tear it out of the atmosphere and make it a commercial success, according to the learning of my friend from Nebraska.

Mr. NORRIS. I agree with that. I admit that. That is true. There is not any doubt about it; but that has not any more to do with this point of order than the flowers that bloom in the springtime.

Mr. SHORTRIDGE. Of course, we are turning from the point of order. I want to say that the flowers are blooming in California right now.

Mr. NORRIS. Yes—well, they always bloom in California.

Mr. SHORTRIDGE. They do.

Mr. NORRIS. And we find the effects of it in the bright, charming countenances of the Senators that they send here.

Mr. President, the point we make on this point of order is that the Senate and the House never have had a chance to consider this proposition of phosphoric acid. That is something new. We provide for the production of nitrogen, which, as the Senator from South Carolina very well says, is the most expensive part of the fertilizer. We provide for that. The House provides for that. Our conferees get together, and they say: "Oh, let us throw that over. It is too expensive. We will let the lessee do it by providing phosphoric acid, which does not cost anything." We make the point of order against it. We say: "That was not in either the House or the Senate bill"; and, Mr. President, it is mighty important. It means a great deal. It means the changing of this lease. After all, we provided for leasing in the Senate bill; the House bill provided for leasing, and part of the consideration for that leasing was to produce nitrogen.

Now the conferees come in and say, "You do not have to produce nitrogen, or not nearly as much as the House and Senate bills provided, but you can produce phosphoric acid, which you can do a great deal easier"; and we make a point of order against it. There is not any doubt on earth but that that point of order is good.

Mr. President, if they could have put it in this way, they could have said that the lessee should produce so much sand, if they wanted to, and it would have been germane, because sand is in every fertilizer; and the Senator from California could have well said: "Why, we are trying to get fertilizer after all. Is not sand part of fertilizer? Well, then, it is all right to take out nitrogen and put in sand." We would make a good thing for the lessee. We would not do any good for the farmers. We would violate the Senate rules. We would nullify the legislation of the Senate and the House by the action in secret of the conferees. That is what we would do.

Mr. SHORTRIDGE. If we adopted that method, Mr. President, might we not make fertilizer cheaper, and thus benefit the farmer?

Mr. NORRIS. Yes; that would make fertilizer cheaper. If we solemnly enacted a statute that said, "Hereafter fertilizer shall consist of 100 per cent sand," that would make fertilizer cheap everywhere, but it would not make the crops grow. It would not do any good for the farmer. He would have to mix that up with some Christian Science; and that reminds me, Mr. President, of what the Senator from Alabama argued. He spoke of sections 1 and 2 of the bill, where they "dedicated" the whole thing to fertilizer—dedicated it—just as though, if we dedicated by law the Capitol of the United States to fertilizer, it would make the grass grow any better or produce a better crop of dandelions! This "dedication" business in the Senator's bill is nothing but the application of Christian Science to government. It does not make anything grow; it does not produce anything; and the only reason for its being there is as a peg that we can get hold of somewhere, trying to fool the farmer with the idea that we are going to convert water power into fertilizer, which every scientific man on earth who knows anything about it says is an impossibility.

Here is another thing that is new. I am not going to take the time to argue it. It is a provision in reference to national defense. I have not time to go over all of them in the limited time at my disposal. Here is another proviso:

Provided, That all contracts for the sale of said power for public utility or industrial purposes shall contain the proviso that said power may be withdrawn, on reasonable notice, at any time during the lease period, if and when said power is needed for the manufacture of fertilizers.

Mr. President, I contend that that is new. It is not only new, but it is mighty important. If that provision had been offered on the floor of the Senate, it would have been defeated. I concede that it is germane, but it is a thing that was not put in by either the House or the Senate. If it is to be possible for that power to be taken away without a moment's notice

to the lessee, without any opportunity for him to collect damages, then the plant will never be leased.

Mr. SHORTRIDGE. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. SHORTRIDGE. Could not the Government, to protect itself, do that very thing without this being made a law?

Mr. NORRIS. No; the Government can not take anything without paying for it.

Mr. SHORTRIDGE. It could not under this bill.

Mr. NORRIS. Yes; it could under this. It is absolutely stated in so many words. The thing taken would be power. If it can be taken away, of course, the Government ought to pay whatever damages might accrue.

Mr. SHORTRIDGE. Mr. President, I do not wish a remark of mine to go into the RECORD in such form as to be indefinite. Let me make my meaning clear. What I mean to say is that the Government may under certain conditions, as, for example, in case of great necessity, of war, commandeer private property, but even then, ultimately there must be just compensation.

Mr. NORRIS. Oh, yes; I concede that.

Mr. SHORTRIDGE. That is the law.

Mr. NORRIS. There is no question about that. I want briefly to speak of the provision relating to the 4 per cent. We provided in the Senate bill for the building of Dam No. 2. In the Ford bill Dam No. 2 and Dam No. 3 were to be leased. It is provided that the lessee shall pay 4 per cent of the cost of the dam. In the case of Dam No. 3, the entire dam is to be taken into consideration. I am speaking now of the Ford bill. In the case of Dam No. 2, the lessee was to pay 4 per cent of the cost of the whole dam, including the locks, less the amount that had been expended at the time Mr. Ford made his offer, which was about $17,000,000.

In the conference bill it is provided as to both of these dams that the lessee shall pay a rental equivalent to 4 per cent of the total cost of both of the dams, less the cost of the locks, and, in addition to that, less whatever amount the President shall fix as the value of the dam to navigation. As the Senator from South Carolina [Mr. SMITH] so well said but a few moments ago, it would be within the power of the President to say that these dams were worth to navigation all they cost. Perhaps they are—I do not know—but if the President should say that, there would be no rental charge whatever.

Can anybody say that that is not outside of the scope of the measures that were given to the conferees? Can anybody say that such a provision as that can be justified either by the provisions of the Ford bill or of the bill which passed the Senate? Does it not follow logically, as certainly as the rising and setting of the sun, that in that instance the conferees went beyond their power?

They make no defense as to Dam No. 3, but as to Dam No. 2 they say "$17,000,000 is taken out." That is just as good as to Dam No. 2 as to Dam No. 3, because the President is not confined to $17,000,000 when he fixes the benefit to navigation. But as to Dam No. 3 they have not even that to go on. Under the Ford bill, when Dam No. 3 was leased the lessee was to pay 4 per cent of the entire cost—the cost of the locks, the dam, and all. Under the conference bill the President would deduct the cost of the locks and another amount, which he should deem a proper amount, to be charged as a benefit to navigation.

Mr. President, I have only a minute left, and I appeal to Senators. We are about to vote on something that will go down in history. We are laying down a precedent, and if Senators vote wrong it will come again to plague us. As I said at the start, we are playing with fire. This is the most important point of order I have ever heard raised in the Senate of the United States, and the real question is, Are we to permit legislation in behalf of 110,000,000 free people to be made in secret, in conference, or are we going to insist that it be made in the House and in the Senate?

The PRESIDENT pro tempore. Debate upon this question is closed.

Mr. UNDERWOOD. Mr. President, I suggest the absence of a quorum

The PRESIDENT pro tempore. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Bursum	Curtis	Ferris
Ball	Butler	Dale	Fess
Bayard	Cameron	Dial	Fletcher
Bingham	Capper	Dill	Frazier
Borah	Caraway	Edge	George
Brookhart	Copeland	Edwards	Gerry
Broussard	Couzens	Ernst	Glass
Bruce	Cummins	Fernald	Gooding
Greene	McCormick	Pepper	Stanfield
Hale	McKellar	Phipps	Stanley
Harreld	McKinley	Pittman	Stephens
Harris	McLean	Ralston	Sterling
Heflin	McNary	Ransdell	Swanson
Howell	Mayfield	Reed, Pa.	Trammell
Johnson, Calif.	Means	Robinson	Underwood
Johnson, Minn.	Metcalf	Sheppard	Wadsworth
Jones, N. Mex.	Moses	Shields	Walsh, Mont.
Jones, Wash.	Neely	Shipstead	Watson
Kendrick	Norbeck	Shortridge	Weller
Keyes	Norris	Simmons	Wheeler
Ladd	Oddie	Smith	
Lenroot	Overman	Smoot	

The PRESIDENT pro tempore. Eighty-six Senators have answered to their names. There is a quorum present.

The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. NORRIS. I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. JOHNSON of Minnesota (when his name was called). On this question I have a pair with the senior Senator from Ohio [Mr. WILLIS]. I transfer that pair to the senior Senator from Massachusetts [Mr. WALSH], and vote "yea."

Mr. MCNARY (when his name was called). Upon this question I am paired with the senior Senator from Mississippi [Mr. HARRISON]. I transfer that pair to the senior Senator from Wisconsin [Mr. LA FOLLETTE], and vote "yea."

Mr. OVERMAN (when his name was called). I have a general pair with the senior Senator from Wyoming [Mr. WARREN]. If I were permitted to vote, I would vote "yea"

The roll call was concluded.

Mr. OVERMAN. I find that I can transfer my pair with the senior Senator from Wyoming [Mr. WARREN] to the junior Senator from Utah [Mr. KING], which I do, and vote "yea."

Mr. NORRIS. I desire to announce the absence of the senior Senator from Wisconsin [Mr. LA FOLLETTE] on account of illness and to state that if he were present he would vote "yea."

Mr. COPELAND. The senior Senator from Massachusetts [Mr. WALSH] is unavoidably absent. If he were present, he would vote "yea."

Mr. GERRY. I wish to announce that the Senator from Oklahoma [Mr. OWEN] is paired with the Senator from West Virginia [Mr. ELKINS] on this vote.

The result was announced—yeas 45, nays 41, as follows:

YEAS—45

Ashurst	George	Mayfield	Simmons
Ball	Glass	Moses	Smith
Borah	Gooding	Neely	Smoot
Brookhart	Harreld	Norbeck	Stanfield
Capper	Howell	Norris	Swanson
Copeland	Johnson, Calif.	Overman	Trammell
Couzens	Johnson, Minn.	Pepper	Wadsworth
Cummins	Jones, N. Mex.	Ralston	Walsh, Mont.
Dale	Jones, Wash.	Ransdell	Wheeler
Dill	Lenroot	Reed, Pa.	
Ferris	McKellar	Sheppard	
Frazier	McNary	Shipstead	

NAYS—41

Bayard	Edwards	Keyes	Shields
Bingham	Ernst	Ladd	Shortridge
Broussard	Fernald	McCormick	Stanley
Bruce	Fess	McKinley	Stephens
Bursum	Fletcher	McLean	Sterling
Butler	Gerry	Means	Underwood
Cameron	Greene	Metcalf	Watson
Caraway	Hale	Oddie	Weller
Curtis	Harris	Phipps	
Dial	Heflin	Pittman	
Edge	Kendrick	Robinson	

NOT VOTING—10

Elkins	La Follette	Spencer	Willis
Harrison	Owen	Walsh, Mass.	
King	Reed, Mo.	Warren	

So the decision of the Chair was sustained.

The PRESIDENT pro tempore. The decision of the Chair stands as the judgment of the Senate, and the report is referred to the committee of conference.

Mr. UNDERWOOD. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Alabama will state it.

Mr. UNDERWOOD. As I understand it from the ruling of the Chair, the bill automatically goes back to the same conferees?

The PRESIDENT pro tempore. So the rule provides.

PROPOSED ORDER FOR EVENING SESSION

Mr. PEPPER obtained the floor.

Mr. CURTIS. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. PEPPER. I yield to the Senator from Kansas.

Mr. CURTIS. I desire to submit a unanimous-consent request.

The PRESIDENT pro tempore. The Senator from Kansas presents the following unanimous-consent agreement, which the clerk will read.

The reading clerk read as follows:

Ordered, By unanimous consent, that at not later than 5 o'clock p. m. to-day the Senate shall proceed to the consideration of executive business, and at the conclusion of executive business the Senate shall take a recess until 8 o'clock p. m., and at the evening session, not to extend beyond 11 o'clock p. m., nothing shall be considered except the following bills, and in the order set forth herein:

House bill 8887, the McFadden-Pepper banking bill;
House bill 11472, the river and harbor bill;
House bill 11354, omnibus pension bill;
House bill 11749, omnibus pension bill;
Senate bill 4151, the Kendrick irrigation bill; and
House bill 2688, the naval omnibus bill.

The PRESIDENT pro tempore. Is there objection to the proposed unanimous-consent agreement?

Mr. FERNALD. Mr. President, I ask unanimous consent for the immediate consideration of House bill 3933.

The PRESIDENT pro tempore. A unanimous-consent request is pending.

Mr. DILL. I object to the banking bill being first on the list.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request of the Senator from Kansas?

Mr. DILL. I object.

The PRESIDENT pro tempore. The Senator from Washington objects. The Senator from Maine is recognized.

Mr. SMITH. May I call the attention of the Chair to the fact that the Senator from Washington said he objected if the banking bill came first. He indicated that he would not object otherwise.

The PRESIDENT pro tempore. The Chair is unable to distinguish between a partial objection and an entire objection. The Senator from Maine is recognized.

Mr. PEPPER. Mr. President, may I inquire of the Chair whether this is not the situation—that the Chair did me the honor to recognize me, and I yielded to the Senator from Kansas?

The PRESIDENT pro tempore. The Senator from Maine is recognized only to propose a unanimous-consent agreement.

Mr. FERNALD. I ask unanimous consent that we consider now House bill 3933.

Mr. ROBINSON. What is the bill?

Mr. FERNALD. It is the Cape Cod canal bill.

The PRESIDENT pro tempore. Is there objection?

Mr. HOWELL. I object.

Mr. FERNALD. I move that the Senate proceed to the consideration of the bill.

The PRESIDENT pro tempore. The Senator from Pennsylvania was recognized.

NATIONAL BANKING ASSOCIATIONS AND FEDERAL RESERVE SYSTEM

Mr. PEPPER. I move that the Senate proceed to the consideration of Calendar No. 1096, being the bill H. R. 8887, the banking bill, to provide for the consolidation of national banks, and for other purposes.

Mr. FERNALD. Mr. President, I thought I was recognized.

The PRESIDENT pro tempore. The Senator from Maine was recognized for one purpose only. The Senator from Pennsylvania has the floor and was so recognized by the Chair, and he yielded to the Senator from Kansas. The question is upon the motion of the Senator from Pennsylvania that the Senate proceed to the consideration of Calendar No. 1096, House bill 8887.

The motion was agreed to, and the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8887) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918, to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5209, section 5211 as amended, of the Revised Statutes of the United States; and to amend sections 13 and 24 of the Federal reserve act, and for other purposes.

Mr. CURTIS. Mr. President, will the Senator from Pennsylvania yield?

Mr. PEPPER. I yield to the Senator from Kansas.

ORDER FOR EVENING SESSION

Mr. CURTIS. I ask unanimous consent that at 5 o'clock this afternoon the unfinished business be temporarily laid aside and the Senate proceed to the consideration of executive business; that at the conclusion of executive business the Senate take a recess until 8 o'clock to-night, and that at not later than 11 o'clock to-night the Senate take a recess until 12 o'clock to-morrow.

The PRESIDENT pro tempore. The Senator from Kansas asks unanimous consent that at not later than 5 o'clock this afternoon the Senate enter into executive session, and that when that is concluded the Senate take a recess until 8 o'clock this evening; and that at not later than 11 o'clock this evening the Senate stand in recess until 12 o'clock to-morrow. Is there objection?

Mr. BORAH. Mr. President, I desire to ask the Senator from Kansas a question. I want an adjournment of the Senate within the next day or two if we do not have it to-night. Will the Senator be willing to give it to us to-morrow?

Mr. CURTIS. So far as I am concerned I am perfectly willing to move an adjournment to-morrow.

The PRESIDENT pro tempore. Will the Senator from Idaho again state his request?

Mr. BORAH. I am simply trying to arrange if possible for an understanding with reference to adjournment to-morrow after we conclude our business. Owing to the situation with reference to a matter which I have before the Senate, it will require an adjournment, and I want to make arrangements for an adjournment if possible.

Mr. CURTIS. So far as I am concerned I shall ask for an adjournment to-morrow if the Senator wants it.

Mr. BORAH. I know that if the Senator asks for it, and asks for it hard enough, we will get it.

The PRESIDENT pro tempore. The request for unanimous consent made by the Senator from Kansas does not interfere with the suggestion made by the Senator from Idaho. Does the Senator from Idaho wish the suggestion to be attached to the request for unanimous consent?

Mr. BORAH. No.

Mr. CURTIS. To-night we are to take a recess until 12 o'clock noon to-morrow.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request submitted by the Senator from Kansas?

Mr. ROBINSON and Mr. FERNALD addressed the Chair.

The PRESIDENT pro tempore. The Senator from Arkansas.

Mr. ROBINSON. I want to submit a suggestion. I inquire of the Senator from Kansas whether it would suit his convenience to modify his request so that House bill 11472, the river and harbor bill, may be taken up at the night session to-night, the banking bill to be proceeded with now under the unanimous-consent agreement?

Mr. FERNALD. I shall have to object to that. I have in charge a measure I would like to have taken up. I shall object anyway to a unanimous-consent agreement to take up that bill to-night.

Mr. ROBINSON. Very well; a motion can be made at the proper time to proceed to the consideration of the bill.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Kansas?

Mr. ROBINSON. I do not object.

The PRESIDENT pro tempore. The Chair hears no objection, and it is so ordered.

PRESIDENTIAL APPROVALS

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that the President had approved and signed the following acts and a joint resolution:

On February 20, 1925:

S. 877. An act to provide for exchanges of Government and privately owned lands in the Walapai Indian Reservation, Ariz.; and

S. 2209. An act to amend section 5147 of the Revised Statutes.

On February 21, 1925:

S. 2397. An act to provide for refunds to veterans of the World War of certain amounts paid by them under Federal irrigation projects;

S. 2718. An act to authorize the payment of an indemnity to the Government of Norway on account of losses sustained by the owners of the Norwegian steamship *Hassel* as the result of a collision between that steamship and the American steamship *Ausable;*

S. 3352. An act to provide for the appointment of an appraiser of merchandise at Portland, Oreg.;

S. 3648. An act granting to the county authorities of San Juan County, State of Washington, a right of way for county roads over certain described tracts of land on the abandoned

military reservations on Lopez and Shaw Islands, and for other purposes;

S. 4014. An act to amend the act of June 30, 1919, relative to per capita cost of Indian schools;

S. 4109. An act to provide for the securing of lands in the southern Appalachian Mountains and in the Mammoth Cave regions of Kentucky for perpetual preservation as national parks;

S. 4152. An act to authorize the Secretary of War to grant a perpetual easement for railroad right of way over and upon a portion of the military reservation on Anastasia Island, in the State of Florida; and

S. J. Res. 172. Joint resolution to authorize the appropriation of certain amounts for the Yuma irrigation project, Arizona, and for other purposes.

SENATOR FROM ILLINOIS

The PRESIDENT pro tempore laid before the Senate the credentials of CHARLES S. DENEEN, chosen a Senator from the State of Illinois, for the term beginning on the 4th day of March, 1925, which were read and ordered to be placed on file, as follows:

STATE OF ILLINOIS,
EXECUTIVE DEPARTMENT.

To all to whom these presents shall come, greeting:

Know ye that CHARLES S. DENEEN, having been duly elected United States Senator within and for the State of Illinois for the term of six years, beginning March 4, A. D. 1925, I, Len Small, Governor of the State of Illinois, for and in behalf of the people of said State, do commission him, the said CHARLES S. DENEEN, as United States Senator, and do authorize and empower him to execute and fulfill the duties of that office according to law.

To have and to hold the said office, with all the rights and emoluments thereto legally pertaining until his successor shall be duly elected and qualified to office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of State. Done at the city of Springfield this 2d day of December, A. D. 1924 and of the independence of the United States the one hundred and forty-ninth.

LEN SMALL, *Governor.*

By the governor:
[SEAL.] LOUIS L. EMMERSON, *Secretary of State.*

SENATOR FROM ARKANSAS

Mr. CARAWAY presented the credentials of JOSEPH T. ROBINSON, chosen a Senator from the State of Arkansas, for the term beginning on the 4th day of March, 1925, which were read and ordered to be placed on file, as follows:

STATE OF ARKANSAS,
EXECUTIVE DEPARTMENT.

PROCLAMATION

To all to whom these presents shall come, greeting:

Know ye that whereas, at the general election held November 4, 1924, pursuant to the statutes made and provided, the following candidates for United States Senator received the following votes:

	Votes
J. T. ROBINSON, Democratic candidate	100,408
Charles F. Cole, Republican candidate	36,163

Now therefore, I, Tom J. Terral, Governor of the State of Arkansas, by virtue of the power and authority vested in me under the constitution and laws of said State and acting in my official capacity, do hereby declare that JOSEPH T. ROBINSON was duly elected United States Senator for Arkansas at the past general election held November 4, 1924.

In testimony whereof I have hereunto set my hand and caused to be affixed the great seal of State in the governor's office at Little Rock, Ark., this the 18th day of February, 1925.

TOM J. TERRAL, *Governor.*

By the governor:
[SEAL.] JIM B. HIGGINS, *Secretary of State.*

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate the following concurrent resolution of the Legislature of the State of South Dakota, which was referred to the Committee on Military Affairs:

OFFICE OF CHIEF CLERK, HOUSE OF REPRESENTATIVES,
SOUTH DAKOTA LEGISLATURE,
Pierre, S. Dak., February 20, 1925.

The PRESIDING OFFICER OF THE UNITED STATES SENATE,
Senate Office Building, Washington, D. C.

DEAR SIR: I have the honor to submit herewith a copy of the concurrent resolution passed by the Legislature of the State of South Dakota memorializing the President and Congress relative to future wars.

Yours truly, WRIGHT TARBELL, *Chief Clerk.*

A concurrent resolution memorializing Calvin Coolidge, the President, and the Congress of the United States pertaining to future wars

Be it resolved by the House of Representatives of the State of South Dakota (the Senate concurring)—

SECTION 1. That we, the members of the State legislature in regular session assembled, representing the people of the Commonwealth of South Dakota, do hereby memorialize the Congress of the United States to enact into law the measure now before it known as the universal draft bill, sponsored by the American Legion, which is as follows:

"(1) That in the event of a national emergency declared by Congress to exist, which in the judgment of the President demands the immediate increase of the Military Establishment, the President be, and he hereby is, authorized to draft into the service of the United States such members of the unorganized militia as he may deem necessary: *Provided,* That all persons drafted into service between the ages of 21 and 30, or such other limit as the President may fix, shall be drafted without exemption on account of industrial occupation.

"(2) That in case of war or when the President shall judge the same to be imminent, he is authorized, and it shall be his duty, when, in his opinion, such emergency requires it—

"(a) To determine and proclaim the material resources, industrial organizations, and services over which Government control is necessary to the successful termination of such emergency, and such control shall be exercised by him through agencies then existing or which he may create for such purposes;

"(b) To take such steps as may be necessary to stabilize prices of services and of all commodities declared to be essential, whether such services and commodities are required by the Government or by the civilian population."

SEC. 2. That certified copies of this resolution be forwarded to the Governor of this State, to the Secretary of State at Washington, D. C., to the Presiding Officer of the United States Senate, to the Speaker of the House of Representatives of the United States, and to each Member of the South Dakota delegation in the National Congress.

CHAS. S. MCDONALD,
Speaker of the House.

Attest:
WRIGHT TARBELL, *Chief Clerk.*

A. C. FORNEY,
President of the Senate.

Attest:
W. J. MATSON,
Secretary of the Senate.

The PRESIDENT pro tempore also laid before the Senate the following joint memorial of the Legislature of the State of Idaho, which was referred to the Committee on Agriculture and Forestry:

THE STATE OF IDAHO,
DEPARTMENT OF STATE,
Boise, February 17, 1925.

Hon. ALBERT B. CUMMINS,
President of the Senate, Washington, D. C.

SIR: I have the honor to submit herewith a copy of Senate Joint Memorial No. 5, adopted by the Senate and House of Representatives of the Eighteenth Legislative Assembly of the State of Idaho.

Respectfully,

F. A. JETER, *Secretary of State.*

STATE OF IDAHO,
DEPARTMENT OF STATE.

I, F. A. Jeter, secretary of state of the State of Idaho, do hereby certify that the annexed is a full, true, and complete transcript of senate joint memorial No. 5 (by Nelson), adopted by the eighteenth session of the Idaho Legislature, which was filed in this office on the 14th day of February, A. D. 1925, and admitted to record.

In testimony whereof, I have hereunto set my hand and affixed the great seal of the State. Done at Boise City, the capital of Idaho, this 17th day of February, in the year of our Lord 1925, and of the independence of the United States of America the one hundred and forty-ninth.

[SEAL.] F. A. JETER,
Secretary of State.

LEGISLATURE OF THE STATE OF IDAHO, EIGHTEENTH SESSION

Senate joint memorial No. 5 (by Nelson)

To the honorable Senate and House of Representatives of the United States of America, in Congress assembled:

We, your memorialists, the Legislature of the State of Idaho, respectfully represent: That—

Whereas the speedy completion of the wagon road up the south fork of the Clearwater River in Idaho County, Idaho, from Castle Creek to Elk City, is a great public and national necessity, and being entirely within the Nez Perce National Forest reserve; and

Whereas said proposed highway would intersect the gold mining districts as follows: Clearwater, Tenmile, Elk City, Dixie, Oro Grande, and Buffalo Hump, all known to be gold-producing sections, and with proper transportation would yield a large output of the precious metal, now so much desired by the Government; and

Whereas said road has been under construction for four years and it will take at least six years more to complete it unless speedier action is had, thereby tying up the money already invested and delaying the realization of benefit from it; and

Whereas such a highway would not only be a great benefit in opening up the several gold districts mentioned, but would ultimately be extended and be another artery or highway extending across the country, connecting with the north and south highway, and would be a great benefit to the Government in lessening the operating expenses from both parcels post and forest reserve departments, and would also open up a vast grazing country and timberlands, and would be a great accommodation to something like 250 homesteaders along said route, or adjacent thereto: Now, therefore, be it hereby

Resolved, That we, your memorialists, do recommend that a sufficient sum of money be appropriated by the Congress of the United States to insure the speedy completion of said highway.

The secretary of state is hereby instructed to forward copies of this memorial to the Senate and House of Representatives of the United States, and copies of the same to our Senators and Representatives in Congress.

This senate joint memorial passed the senate on the 2d day of February, 1925.

H. C. BALDRIDGE,
President of the Senate.

This senate joint memorial passed the house of representatives on the 9th day of February, 1925.

W. D. GILLIS,
Speaker of the House of Representatives.

I hereby certify that the within senate joint memorial No. 5 originated in the senate during the eighteenth session of the Legislature of the State of Idaho.

A. L. FLETCHER,
Secretary of the Senate.

The PRESIDENT pro tempore also laid before the Senate the following communications and certificate relative to the rejection by the General Assembly of South Carolina of the proposed child labor amendment to the United States Constitution, which were referred to the Committee on the Judiciary:

STATE OF SOUTH CAROLINA,
OFFICE OF THE GOVERNOR,
Columbia, February 20, 1925.

The honorable the PRESIDENT OF THE SENATE,
Washington, D. C.

SIR: I have the honor to transmit herewith by direction of the governor a certificate and communication relating to the rejection by the General Assembly of South Carolina of the proposed child labor amendment to the United States Constitution.

Very respectfully,

EDWARD MCDOWELL,
Secretary to the Governor.

STATE OF SOUTH CAROLINA,
OFFICE OF THE GOVERNOR,
Columbia.

I certify that the attached communication is a true and correct copy of original communication which has been transmitted to me by the clerks of the Senate and House of Representatives of the General Assembly of South Carolina.

Given under my hand and the seal of the executive department, at Columbia, this 20th day of February, A. D. 1925, and in the one hundred and forty-ninth year of the American independence.

[SEAL.] THOS. G. MCLEOD,
Governor of South Carolina.

HOUSE OF REPRESENTATIVES, STATE OF SOUTH CAROLINA,
OFFICE OF THE SPEAKER,
February 18, 1925.

Hon. THOMAS G. MCLEOD,
Governor, State House, City.

DEAR SIR: I have the honor to transmit to you for your consideration the action of the house and senate on a concurrent resolution—house, No. 40; senate, No. 46—as follows:

Concurrent resolution

Whereas His Excellency Gov. Thomas G. McLeod has transmitted to the General Assembly of the State of South Carolina for its consideration, according to law and the custom in such cases made, a certified copy of a joint resolution passed on June 2, 1924, by the Senate and House of Representatives in Congress proposing an amendment to the Constitution of the United States, as follows:

"SECTION 1. The Congress shall have power to limit, regulate, and prohibit labor of citizens under 18 years of age.

"SEC. 2. The power of the several States is unimpaired by this article, except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation enacted by the Congress."

Therefore be it

Resolved by the house of representatives (the senate concurring)—

SECTION 1. That the said proposed amendment to the Constitution of the United States of America be, and the same is hereby, rejected by the General Assembly of the State of South Carolina.

SEC. 2. That certified copies of the foregoing preamble and resolution be forwarded by the governor of this State to the President of the United States, the Secretary of State of the United States, the President of the Senate of the United States, and the Speaker of the House of the United States.

The resolution was introduced January 21, 1925, and an aye-and-nay vote of the house of representatives being taken, shows the following result: Yeas 110, nays 1.

Said resolution was then sent to the senate, and on Januray 27, 1925, a vote in the senate was taken on same and resulted as follows: Yeas 38, nays none.

Respectfully submitted.

[SEAL.] J. WILSON GIBBES,
Clerk of the House of Representatives of the State of South Carolina.

I certify that the record given in the above communication by the clerk of the house of representatives as to the vote taken in the senate is correct.

JAS. H. FOWLES,
Clerk of the Senate of the State of South Carolina.

Mr. HOWELL presented a memorial of sundry citizens of Lincoln and vicinity, in the State of Nebraska, remonstrating against the passage of the so-called compulsory Sunday observance bill for the District, which was referred to the Committee on the District of Columbia.

Mr. FRAZIER presented the memorial of William A. Larson and 17 other citizens of Williams County, in the State of North Dakota, remonstrating against the passage of the so-called compulsory Sunday observance bill for the District, which was referred to the Committee on the District of Columbia.

Mr. SPENCER presented a memorial of sundry citizens of St. Louis and vicinity, in the State of Missouri, remonstrating against the passage of the so-called compulsory Sunday observance bill for the District or any other religious legislation, which was referred to the Committee on the District of Columbia.

Mr. JOHNSON of Minnesota presented the memorials of Mrs. Grace Rude and 17 other citizens of Rice County, of E. C. Anderson and 15 other citizens of Vining, and of Mr. and Mrs. Peter King and 47 other citizens of Virginia, all in the State of Minnesota, remonstrating against the passage of the so-called compulsory Sunday observance bill for the District, which were referred to the Committee on the District of Columbia.

He also presented a telegram in the nature of a petition signed by Fred N. Bussgert and 175 other patients at United States Hospital No. 68, Minneapolis, Minn., praying an amendment to the so-called Reed-Johnson bill providing a 50 per cent permanent rating for arrested tuberculosis patients, which was referred to the Committee on Finance.

Mr. McLEAN presented a telegram in the nature of a petition from the Bridgeport (Conn.) Council of Catholic Women, praying for the passage of the bill providing increased compensation for postal employees, which was referred to the Committee on Post Offices and Post Roads.

He also presented petitions of Auxiliary No. 4, United Spanish War Veterans, of Hartford; of Wadhams Post, No. 49, Grand Army of the Republic, of Waterbury; of Charles B. Bowen Camp, No. 2, United Spanish War Veterans, of Meriden; and of G. A. Hadsell Camp, No. 21, United Spanish War Veterans, of Bristol, all in the State of Connecticut, praying for the passage of the so-called Bursum bill, proposing to grant increased pensions to veterans of the Spanish-American War and their widows, which was referred to the Committee on Pensions.

He also presented a telegram in the nature of a memorial from the Bridgeport (Conn.) Chamber of Commerce, remonstrating against the enactment of legislation proposing to

eliminate Pullman surcharges, which was referred to the Committee on Interstate Commerce.

He also presented a petition of the Woman's Christian Temperance Union, of Moodus, praying for the passage of the so-called Cramton bill, being the bill (H. R. 6645) to amend the national prohibition act, to provide for a bureau of prohibition in the Treasury Department, to define its powers and duties, and to place its personnel under the civil service act, which was referred to the Committee on the Judiciary.

He also presented a letter in the nature of a petition from T. E. Conway, chairman of the American Legion Legislative Committee for the State of Connecticut, of Waterbury, Conn., praying for the passage of the so-called Reed-Johnson bill and the Bursum and Lineberger bills, providing additional hospital facilities for disabled ex-service men, etc., which was referred to the Committee on Finance.

He also presented a memorial of Division No. 48, Ladies' Auxiliary of the Ancient Order Hibernians, of Hartford, Conn., remonstrating against the passage of the so-called Sterling-Reed bill, providing for the establishment of a department of education in the Federal Government, which was referred to the Committee on Education and Labor.

REPORTS OF COMMITTEES

Mr. CAPPER, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

A bill (S. 4358) for the relief of Rear Admiral Joseph L. Jayne, United States Navy, retired (Rept. No. 1208); and

A bill (H. R. 5759) for the relief of James F. Abbott (Rept. No. 1209).

Mr. OVERMAN, from the Committee on the Judiciary, to which was referred the bill (H. R. 3842) to provide for terms of the United States district court at Denton, Md., reported it without amendment.

Mr. SPENCER, from the Committee on the Judiciary, to which was referred the bill (S. 3777) to permit the United States of America to be made defendant, and to be bound by decrees and final judgments entered in land title registration proceedings in the Circuit Court of Cook County, Ill., and courts of appeal therefrom under the provisions of an act concerning land titles in force in the State of Illinois May 1, 1897, reported it without amendment and submitted a report (No. 1210) thereon.

Mr. REED of Pennsylvania, from the Committee on Immigration, to which was referred the bill (S. 4311) to provide for overtime pay for employees of the Immigration Service, Department of Labor, reported it without amendment.

Mr. REED of Missouri, from the Committee on the Judiciary, to which was referred the bill (S. 4302) incorporating the Imperial Council of the Ancient Arabic Order of the Nobles of the Mystic Shrine for North America, reported it without amendment and submitted a report (No. 1211) thereon.

Mr. BAYARD, from the Committee on Appropriations, to which was referred the joint resolution (S. J. Res. 166) authorizing the establishment of a commission to be known as the Sesquicentennial of American Independence and the Thomas Jefferson Centennial Commission of the United States, in commemoration of the one hundred and fiftieth anniversary of the signing of the Declaration of Independence and the one hundredth anniversary of the death of Thomas Jefferson, the author of that immortal document, reported it with amendments.

ENROLLED BILL PRESENTED

Mr. WATSON, from the Committee on Enrolled Bills, reported that on February 23, 1925, that committee presented to the President of the United States the enrolled bill (S. 2357) for the relief of the Pacific Commissary Co.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HARRELD:

A bill (S. 4368) authorizing the reconstruction of a sawmill and appurtenances on the Menominee Indian Reservation in Wisconsin; to the Committee on Indian Affairs.

By Mr. FERNALD:

A bill (S. 4369) granting a pension to Myra F. Brown (with accompanying papers);

A bill (S. 4370) granting an increase of pension to Belinda E. Allen (with accompanying papers); and

A bill (S. 4371) granting an increase of pension to Harriet A. Sanborn (with accompanying papers); to the Committee on Pensions.

By Mr. McLEAN:

A bill (S. 4372) granting a pension to Leora A. Covill (with accompanying papers); and

A bill (S. 4373) granting a pension to Mary C. Nott (with accompanying papers); to the Committee on Pensions.

By Mr. NORBECK:

A bill (S. 4374) granting an increase of pension to John Burri (with an accompanying paper); to the Committee on Pensions.

By Mr. STANFIELD:

A bill (S. 4375) to establish a scale for ascertaining the value of private property sought to be taken for a public use; to the Committee on the Judiciary.

By Mr. EDGE:

A bill (S. 4376) to prevent and punish the use for commercial or advertising purposes within the District of Columbia of any badge, insignia, crest, or coat of arms of any organization or unit of the United States Army, Navy, or Marine Corps; to the Committee on Military Affairs.

By Mr. ASHURST:

A bill (S. 4378) granting a pension to William H. Hatcher; to the Committee on Pensions.

DISPOSITION OF THE WATERS OF THE COLUMBIA RIVER

Mr. DILL introduced a bill (S. 4377) to permit a compact or agreement between the States of Washington, Idaho, Oregon, and Montana respecting the disposition and apportionment of the waters of the Columbia River and its tributaries, and for other purposes, which was read twice by its title, referred to the Committee on Irrigation and Reclamation, and ordered to be printed in the RECORD, as follows:

A bill (S. 4377) to permit a compact or agreement between the States of Washington, Idaho, Oregon, and Montana, respecting the disposition and apportionment of the waters of the Columbia River and its tributaries, and for other purposes.

Whereas the Columbia River and its tributaries are interstate streams having their sources in a drainage area of approximately 250,000 square miles, said streams flowing through the States of Montana, Idaho, Washington, and the Columbia River forming the boundary between the States of Washington and Oregon; and

Whereas the above-named States are vitally interested in the possible development of the Columbia River and its tributaries for irrigation, power, domestic, and navigation uses; and

Whereas the Secretary of the Interior, in a letter to the President dated December 11, 1924, has pointed out that plans for future reclamation development must take into consideration the needs of the States and the water right problems of interstate streams and stated that efforts to reach an agreement for the economic apportionment of water of interstate streams by the States concerned "have the cordial approval and support of this department"; and

Whereas it is desirable that a compact for the economic apportionment of the water of the Columbia River and its tributaries for irrigation, power, domestic, and navigation purposes, be entered into by and between the said States of Montana, Idaho, Oregon, and Washington, and that the interests of the United States be considered in the drawing of said compact, by authorized representatives of each of said States and of the United States: Now, therefore,

Be it enacted, etc., That consent of Congress is hereby given to the States of Washington, Idaho, Oregon, and Montana to negotiate and enter into a compact or agreement not later than January 1, 1927, providing for an equitable division and apportionment among said States of the water supply of the Columbia River and of the streams tributary thereto, upon condition that two suitable persons, who shall be appointed by the President of the United States, one from the Department of the Interior and one from the War Department, shall participate in said negotiations, as the representatives of the United States, and shall make report to Congress of the proceedings and of any compact or agreement entered into: *Provided*, That any such compact or agreement shall not be binding or obligatory upon any of the parties thereto unless and until the same shall have been approved by the legislature of each of said States and by the Congress of the United States.

SEC. 2. The right to alter, amend, or repeal this act is herewith expressly reserved.

NATIONAL BANKING ASSOCIATIONS AND FEDERAL RESERVE SYSTEM

Mr. COPELAND submitted an amendment intended to be proposed by him to the bill (H. R. 8887) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918, to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5209, section 5211 as amended, of the Revised Statutes of the United States; and to amend sections 13 and 24 of the Federal reserve act, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. COPELAND also submitted an amendment intended to be proposed by him to House bill 8887, which was ordered to lie on the table and to be printed in the RECORD, as follows:

On page 32, line 13, strike out "one-half" and insert "25 per centum," and disagree to the committee amendment in the same line striking out "time" and inserting "savings."

ADDITIONAL JUDGE IN MINNESOTA

Mr. SHIPSTEAD. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield to the Senator from Minnesota?

Mr. PEPPER. I yield to the Senator from Minnesota for any purpose which will not deprive me of the floor.

Mr. SHIPSTEAD. I ask unanimous consent for the immediate consideration of the bill (S. 4352) to create an additional judge in the district of Minnesota.

Mr. President, this is a bill which was unanimously reported by the Committee on the Judiciary this morning. It provides for the filling of a vacancy created by the death of Judge McGee, the Federal judge in Minnesota.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and to insert:

That the President of the United States be, and he is hereby, authorized and directed, by and with the advice and consent of the Senate, to appoint a judge to fill a vacancy created in the District Court of the United States for the District of Minnesota, occasioned by the death of Hon. John F. McGee, who was appointed as an additional judge in said district under the provisions of the act of Congress entitled "An act for the appointment of an additional circuit judge for the fourth judicial circuit, for the appointment of additional district judges for certain districts, providing for an annual conference of certain judges, and for other purposes," approved September 14, 1922.

SEC. 2. A vacancy occurring more than two years after the passage of this act in the office of the district judge appointed pursuant to this act shall not be filled unless Congress shall so provide.

SEC. 3. The judge appointed hereunder shall reside in said district and his compensation and powers shall be the same as now provided by law for the judge of said district.

SEC. 4. This act shall take effect immediately.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SENATOR FROM IOWA

Mr. SPENCER and Mr. HEFLIN addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield; and if so, to whom?

Mr. PEPPER. I yield first to the Senator from Missouri, and after that I shall yield to the Senator from Alabama.

Mr. SPENCER. Mr. President, there has been filed an election contest with regard to the election of the junior Senator from the State of Iowa [Mr. BROOKHART]. Ordinarily that contest, which is now filed in the office of the Secretary of the Senate, would not come before the Senate until the Sixty-ninth Congress, but information has reached us that a portion of the vote in Iowa was taken by election-voting machines and that one of those machines in Dubuque will be needed for a municipal election on the 7th of March. Both sides to the contest, the contestant and the contestee, have agreed that the present Senate may take up the contest for the purpose of examining the contents of the voting machine in Dubuque, and then shall wait until the next session of the Senate for the main part of the contest. Mr. President, I ask, if there is no objection, that the contest now filed in the Secretary's office be referred to the Committee on Privileges and Elections, and I report a resolution from that committee which ought to go to the Committee to Audit and Control the Contingent Expenses of the Senate if it meets with the approval of the Senate.

The PRESIDENT pro tempore. Is there objection?

Mr. WALSH of Montana. Mr. President, I desire to inquire of the Senator from Missouri if he is of the opinion that the present Senate has jurisdiction of this contest even with the consent of the parties?

Mr. SPENCER. We discussed that matter, and I have no doubt that, with the consent of the parties, the Senate, being a continuing body, may consider the whole case, but there is no disposition to do anything except to count the ballots in one voting machine.

Mr. WALSH of Montana. Is the Senator of the opinion that the consent of the parties is necessary?

Mr. SPENCER. I do not know. I rather came to the conclusion that, without consent, it was inadvisable, at least, to do it. I am not at all sure that we might not have the right to do it without consent, but without consent we would not have considered the suggestion.

Mr. WATSON. Mr. President, I can say that in the Committee on Privileges and Elections it was not doubted that we might go on now; but in order to have a perfect understanding among all the parties and no disagreement and no criticism by either the present Senate or the next, we chose to do it in this way.

Mr. WALSH of Montana. Mr. President, I merely desire to call attention to the overwhelming importance of this question and to point out to the Senate the serious consequences that may flow from the adoption of any such idea as is now advanced. I believe that everyone who has given any thought to the subject at all will concede that if this Congress has no jurisdiction in the premises, jurisdiction can not be conferred by the consent of anyone interested in the contest. So the serious question arises as to whether the Senate at the present time may enter upon an inquiry as to the qualifications and election of a Senator whose term does not begin until the 4th of next March.

It will be borne in mind that one-third of the Senators are about to go out. As a matter of course, quite a number of them have been reelected, but concededly one-third of the Senators now sitting might not be Members of the next body; they may be entirely repudiated by their constituents, and yet they undertake to pass upon the qualifications of a man who is to sit in the next ensuing Congress. I pointed out this absurdity some time ago when I discussed at some length before the Senate the accepted doctrine that the Senate is a continuing body and some of the disasters that might ensue from following to its logical conclusion that theory. We have such an instance before us to-day.

As I have said, it so happens that the complexion of the Senate will not be substantially changed, but it easily might be, and we would have Senators who really have no right to a voice in the matter at all passing upon the qualifications of Senators elected for the term beginning on the 4th of March next.

Mr. ROBINSON. Mr. President, will the Senator from Missouri yield to a question?

Mr. SPENCER. Yes.

Mr. ROBINSON. In view of the legal difficulty suggested by the Senator from Montana, what is the necessity for the Senate to take any action in the matter, particularly when it is said that the contestant and the contestee agree that the votes cast in a certain machine may be recounted and the machine itself returned? Why not let the proceeding be had pursuant to the agreement rather than by order of the Senate?

Mr. SPENCER. Mr. President, that is precisely what the resolution contemplates doing.

Mr. ROBINSON. What is the necessity for bringing the matter before the Senate at this time, when the Senate has no jurisdiction over the controversy, or at least when the question of jurisdiction is raised. This Senate, of course, can not determine that contest; I think that is admitted by everyone. So why consume the time of the Senate in the effort to secure an order for a proceeding which the Senator states has been agreed to by the parties in interest? Why can *not* the proceeding be had without regard to the action of the Senate?

Mr. SPENCER. The Senator from Arkansas does not understand the situation. The ballots cast in Dubuque are now locked up in a voting machine, and there is only one way by which it can be determined what the result of that vote is.

Mr. ROBINSON. The parties have agreed.

Mr. SPENCER. They have agreed that the Senate may take action and send two representatives to open that machine and recount those ballots, and that is precisely what the resolution proposes to do. There is no other way to do it; the machine is locked up.

Mr. PEPPER. Mr. President, may I suggest to the Senator from Missouri that, in view of the pendency of the banking bill and the evident difficulty of disposing of this matter, he take into consideration the propriety of bringing it up again to-morrow after further consideration?

Mr. SPENCER. That is a very fair request, and I will yield to it, if the Senator will indulge me for a moment to say to the Senator from Montana for his consideration that the statement of the Senator has great weight with me, not only because of its merit but because of the way in which he puts it. If it had to do with a court, it would be unanswerable. Consent of

parties can not confer jurisdiction upon a court; that is established; but the only qualification or limitation on the power of the Senate is by the Constitution, which provides that—

Each House shall be the judge of the elections, returns, and qualifications of its own Members.

There is not a word that grants such power to any special Congress; it is granted to the Senate, and the Senate is a continuing body. I am not at all clear but that the Senate, as a continuing body, can take up any election contest where the election has passed and where a contest has been filed.

Mr. WALSH of Montana. I simply remind the Senator——

The PRESIDENT pro tempore. The Chair can not permit further argument upon the request for unanimous consent.

Mr. WALSH of Montana. Mr. President, with the permission of the Senator from Pennsylvania, I want to make a suggestion about this matter. The request is that this Senate shall take jurisdiction of the contest, to refer it to the Committee on Privileges and Elections, and then adopt the resolution presented by the Senator from Missouri. Of course, in that event, we have taken jurisdiction of the contest; there is no doubt about that. The suggestion of the Senator from Arkansas is, Why do that? If they are going to have an election in Dubuque, and they want to use the voting machine, why can not the two parties to the contest, without any action on the part of the Senate at all, agree that the machine shall be opened in the presence of the representatives of each of them? If there is no injunction of any kind had against such proceedings, there is no reason why they can not go ahead now and open the box.

Mr. SPENCER. The difficulty is, as I am advised, that under the laws of Iowa there can be no access to the machine unless the Senate or the courts take action.

The PRESIDENT pro tempore. The Chair has already announced that debate can not further continue upon the request for unanimous consent.

AMENDMENT OF COMPILED STATUTES

The PRESIDENT pro tempore laid before the Senate the resolution (H. Con. Res. 46), which was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That in enrolling the bill (H. R. 4202) entitled "An act to amend section 5908, United States Compiled Statutes, 1916 (Revised Statutes, section 3186, as amended by act of March 1, 1879, chapter 125, section 3, and act of March 4, 1913, chapter 166)," the Clerk of the House is authorized and directed—

(1) To strike out the words "That if," immediately after the enacting clause, and to insert in lieu thereof the following:

"That section 3186 of the Revised Statutes, as amended, is amended to read as follows:

"'SEC. 3186. That if";

(2) To insert quotation marks at the end of such bill;

(3) To amend the title so as to read: "An act to amend section 3186 of the Revised Statutes, as amended."

Mr. CURTIS. I ask unanimous consent that the Senate proceed to the consideration of the concurrent resolution. It merely corrects a clerical error.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the concurrent resolution was considered and concurred in.

PROPOSED STATE TAX ON COTTONSEED PRODUCTS

Mr. HEFLIN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield to the Senator from Alabama?

Mr. PEPPER. Mr. President, if all the Senators who ask me to yield will agree to vote for the bill in my charge it will not be necessary for me to address the Senate at all. I yield to the Senator from Alabama.

Mr. HEFLIN. Mr. President, I presented a resolution this morning, S. Res. 344, which I subsequently withdrew for the purpose of meeting the objection of the Senator from Indiana [Mr. WATSON]. I have changed the phraseology of the resolution in a manner to meet his approval, and he withdraws the objection. I ask unanimous consent for its present consideration.

The PRESIDENT pro tempore. Does the Senator desire the resolution to be read again?

Mr. CURTIS. I ask that the resolution may be read.

The PRESIDENT pro tempore. The resolution will be read.

The reading clerk read as follows:

Whereas the Constitution vests in Congress the exclusive power to regulate commerce between the States; and

Whereas the free and untrammeled commerce between the several States is a cardinal principle of the Federal Constitution; and

Whereas the strict observance of these fundamental principles is necessary to the promotion and preservation of proper and cordial relationship between the various States; and

Whereas the Senate has reliable information to the effect that the legislatures of some of the States have measures now pending regarding interstate commerce that would do violence to the principles of the Constitution, and set a precedent fraught with grave danger to the whole country: Therefore be it

Resolved, That it is the sense of the Senate that such legislation would be in contravention of the principles of the Federal Constitution.

Mr. ROBINSON and Mr. CARAWAY addressed the Chair.

The PRESIDENT pro tempore. Does the Senator ask for the immediate consideration of the resolution?

Mr. HEFLIN. I ask for the present consideration of the resolution.

Mr. KING and Mr. WADSWORTH. I object.

The PRESIDENT pro tempore. Objection is made.

Mr. HEFLIN. Who made the objection?

Mr. KING. I was one.

Mr. HEFLIN. The Senator from New York [Mr. WADSWORTH] was one, I understand.

NATIONAL BANKING ASSOCIATIONS AND FEDERAL RESERVE SYSTEM

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8887) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918, to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5209, section 5211 as amended, of the Revised Statutes of the United States; and to amend sections 13 and 24 of the Federal reserve act, and for other purposes.

Mr. PEPPER. Mr. President, in the orderly discussion of this measure, which contains 18 sections, I had laid before the Senate the considerations which seemed to me to be applicable to the first 9 sections of the bill; and for the information of those Senators now present who were not in the Chamber when the measure was before the Senate on an earlier day, I should like to say that the most important feature contained in the sections which have heretofore been explained is the branch-banking feature of the bill.

This bill, if enacted into law, will give to national banks, and national banks only, the right to establish, under the jurisdiction of the Comptroller of the Currency, branch banks, limited in number, within the limits of the municipality in which the parent bank is situated——

Mr. DILL. Mr. President, will the Senator yield right there?

Mr. PEPPER. May I finish the sentence? And the permission thus given to national banks in cities is circumscribed by the following limitations: First, that there must be in force at the time this bill becomes law a State law, regulation, or usage with official sanction authorizing State banks to establish branches; and, in the second place, that the national bank, even in a State which has such legislation, regulation, or usage at the date this bill becomes law, may establish its branches in the city in which it is situated. It must appear that the population of the city is over 25,000. There can be one branch only between 25,000 and 50,000, and two only between 50,000 and 100,000.

I yield to the Senator from Washington.

Mr. DILL. The Senator may have answered my question. I am not certain. My question is this: Under this bill, can national banks establish branch banks in States where State banks are prohibited from having branches?

Mr. PEPPER. They may not, Mr. President. The provisions of this bill are applicable exclusively in States which have, at the date of its passage, already enacted laws or established regulations having the force of law to the effect that State banks may have branches; and even in such cases the privilege given by this bill does not extend as widely as the State permission to State banks. It is limited to the limits of the municipality in which the national bank is situated.

Have I answered the Senator's question?

Mr. DILL. The Senator has. At the present time there are a number of States where national banks can not have branch banks and State banks can have.

Mr. PEPPER. Mr. President, the situation is this: As national banks can have branches only if the national banking act permits it, and as at the present time the national banking act does not permit it, national banks may not with legislative authority have branches at all. This bill relaxes the national banking act to the extent only that I have stated; and that is in the interest of giving to national banks a fair chance

in competition with State banks within the limits of the municipality in which the national bank is situated.

Mr. SMITH and Mr. DIAL addressed the Chair.

The PRESIDING OFFICER (Mr. JONES of Washington in the chair). Does the Senator from Pennsylvania yield; and if so, to whom?

Mr. PEPPER. I yield to the senior Senator from South Carolina.

Mr. SMITH. Mr. President, I should like to ask the Senator if it is not a fact that national banks have branches now?

Mr. PEPPER. It is true, Mr. President, that, as it were, by the indulgence or favor of the comptroller, national banks are permitted in some jurisdictions to maintain what are called tellers' windows, where a limited amount of business is done in respect of the receipt of money and the cashing of checks; but there are no branch banks with legislative authority in the case of national banks now in existence, saving in the case of a very few instances where the following thing has happened; namely, that a State bank which under the law has branches in virtue of the State law has been consolidated into a national bank or has been converted into a national bank.

Mr. SMITH. And still retains its branches.

Mr. PEPPER. Under the existing law, in that case the branches are retained; and this statute, if enacted, will not disturb or disintegrate those situations.

Mr. SMITH. In reading the bill, my impression was that where a State bank, under the provisions of the proposed legislation, consolidated with a national bank, the branches that had attached to the State banks could not still be branches of that national incorporation unless they were within certain municipal districts.

Mr. PEPPER. The Senator is right in this regard—that as to consolidations and conversation taking place in the future between State banks and national banks in cities, such consolidation or conversion will confer no new right to the maintenance of up-State branches. I was speaking only of the status that exists to-day. In that case, where branch banks do exist and are maintained by national banks, they are maintained either by the indulgence of the comptroller in the case of tellers' windows, or they have resulted from consolidations or conversions of State into national banks.

Mr. SMITH. That is, where the parent bank consolidated with a national bank, the branches of the State bank that was thus consolidated still remain branches of the consolidation?

Mr. PEPPER. That is true; but I wish to make it perfectly clear to the Senator and to others in the Chamber that this liberty will not in the future follow consolidation or conversion. In the future, branch banks can be established or acquired by national banks not at all by future conversions or consolidations, but only by new establishment within the limits prescribed by this statute.

Mr. SMITH. Does the bill contemplate any retroactive effect? That is, where a State bank consolidated under the present status with a national bank having branches, does this law, when it goes into effect, disconnect those branches from the consolidation?

Mr. PEPPER. No, Mr. President; this bill disturbs no existing status. It does not disintegrate that kind of a situation.

Mr. DIAL. Mr. President——

Mr. PEPPER. I yield to the junior Senator from South Carolina.

Mr. DIAL. I should like to ask the Senator for his judgment as to allowing national banks to organize with a capital of less than $50,000. That is the law now, I believe; but my recollection is that during the first 10 months of last year something like 600 banks failed in the United States, and perhaps 83 per cent of those had a capital of less than $50,000. I was wondering whether or not it would be well to offer an amendment to the Senator's bill on page 7 by striking out, on line 9, after "organized," down to line 14, to the word "no," so that there would be no authority to organize national banks with less than $50,000 capital. I should like to hear the Senator upon that subject. I am not absolutely certain that it should be done, but I should like to have the benefit of the Senator's experience on that subject.

Mr. PEPPER. Mr. President, I can only answer the Senator in this way: There are various important problems connected with national banks with which this bill does not attempt to deal. The problem suggested by the Senator is one of them. My own judgment is that it would be unfortunate, in the case of an amendment proposed upon the floor, where so little consideration can be given to it, to deal with so important a problem in that fashion. I think that question requires study; and I venture the hope that the Senator will not undertake to amend the bill by proposing such an amendment, but will reserve it for independent legislative consideration.

Mr. DIAL. Some time ago I offered an amendment to that effect, but I have not pressed it, because I was somewhat uncertain as to whether it ought to become a law. There was, however, a great number of failures last year, and the number of failures was altogether out of proportion to the amount of the failures, and it discouraged the people about banks.

Mr. GLASS. Mr. President——

Mr. PEPPER. I yield to the Senator from Virginia.

Mr. GLASS. The Senator from South Carolina can better estimate the probability of passing an amendment of that sort when I remind him that only last year the Senate and the House reduced from $25,000 to $15,000 the minimum capital of those banks that might become members of the Federal reserve system, which was a very absurd thing to do, as illustrated by the fact that no banks have become members under that amendment.

Mr. PEPPER. Mr. President, I pass on as rapidly as I can to a summary of the remaining sections of the bill.

Mr. SIMMONS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from North Carolina?

Mr. PEPPER. I yield to the Senator.

Mr. SIMMONS. The Senator has said that under certain circumstances national banks are permitted to establish branches within the municipality. Is there any definition of the word "municipality" as used in that sense?

Mr. PEPPER. Yes, Mr. President; there is. The Senator asks whether there is any definition of the term "limits of the municipality." I answer that there is a definitive clause in the bill, which is as follows:

> The term "limits of the municipality" as used in this section shall be held to mean the corporate limits thereof, except in those cases in which the Comptroller of the Currency shall determine that cities, boroughs, towns, or villages actually contiguous to such municipality in fact constitute together with it a single commercial community; and in such cases only the term "limits of the municipality" shall be held to include such cities, boroughs, towns, or villages.

We have used the term "contiguous," Mr. President, so as to avoid the indefiniteness of "adjacent." We mean literally touching the boundary line.

Mr. SIMMONS. But not within the corporate limits?

Mr. PEPPER. But not within the corporate limits.

Mr. RANSDELL and Mr. FESS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield; and if so, to whom?

Mr. PEPPER. I yield to the Senator from Louisiana.

Mr. RANSDELL. Mr. President, I think the Senator has already made clear one of the features of section 1 to which I shall ask him to return for a moment. There is a situation in my State where there is a national bank which has six branch banks; and, as I understood the Senator's statement, under the terms of this bill there would be no interference at all with the status quo.

Mr. PEPPER. Mr. President, if those branches to-day are maintained, as I assume they are, as the result of a law, regulation, or usage with official sanction, permitting State banks in Louisiana to maintain such branches, then they will not be affected by the terms of this bill.

Mr. RANSDELL. But a branch bank could not establish new branches in the State of Louisiana?

Mr. PEPPER. They could not establish any new branches in the State of Louisiana outside the limits of the municipality in which the parent bank is situated.

Mr. RANSDELL. That answers my question.

Mr. HEFLIN. Mr. President, I want to ask the Senator from Louisiana if these branch banks are in the city of New Orleans?

Mr. RANSDELL. No; they are in small country towns not very far from the city of Lake Charles, in the southeastern corner of the State.

Mr. HEFLIN. Does the Senator from Pennsylvania mean to say that this bill authorizes a large bank, for instance, in the city of New Orleans, putting small banks in the small towns about the State?

Mr. PEPPER. The Senator from Alabama has misapprehended me; I have not made myself clear. If this bill passes, it will authorize no national bank anywhere to establish a single branch outside the limits of the municipality in which the bank is situated. But the Senator from Louisiana has put to me a case in which a national bank in the State of

Louisiana already had branches existing under the present law.

Mr. RANSDELL. Which have been in existence for some years, I may add.

Mr. PEPPER. May I say to the Senator from Alabama that while I am not cognizant of that particular case, that doubtless results from the fact that this national bank was either at one time a State bank which was converted into a national bank, authorized under the existing law to retain its branches on conversion, or it was consolidated with a national bank and authorized by existing law to retain its branches on consolidation. In those cases, and those cases only, the existing branches may be maintained but in no others.

Mr. HEFLIN. I thought I understood the Senator from Pennsylvania to say the other night that hereafter branch banks would be confined to the cities in which the national banks were located.

Mr. PEPPER. I tried to make it clear, and I repeat the statement which I attempted to make then, that so far as future establishment is concerned, it is precisely as the Senator from Alabama has said.

Mr. HEFLIN. That is what I wanted to understand.

Mr. COPELAND and Mr. STERLING addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield; and if so, to whom?

Mr. PEPPER. I think the Senator from New York has been on his feet for some time. I yield to him, and then I will yield to the Senator from South Dakota.

Mr. COPELAND. There was a great deal of opposition in my State to this bill when it was first formulated, but I find the chief objection now comes from the savings banks. In our State the use of the term "savings bank" is limited to the mutual savings bank, nonstock savings banks, and I find now that the savings banks and the building and loan associations are objecting to the development of branch banking because of the fear they have that the term "savings" is to be used in the titles of those banks. I would be glad if the Senator at some time would address himself to that particular criticism.

Mr. PEPPER. I may as well do that at the moment, although that question arises under section 18 of the bill, and I should have come to that in a more orderly progress; but I take it up now on the Senator's inquiry.

The eighteenth section of the bill undertakes to give national banks the power to lend money on real-estate security for a term not exceeding five years, the present limit of law being one year. The committee were of the opinion, Mr. President, that it was good banking to relate those long-time investments, which are not as liquid as many of us would like to see the investments of a bank, to time deposits made by the depositors in banks, that there might be a relation between those deposits which are not callable on demand and those investments which have a good while to run; and for the sake of clearness it was thought wise by the committee to put in a provision to the effect that where a national bank has savings deposits, which a national bank may have and which many of them do have under the existing law, the limit of the aggregate amount of real-estate loans under this section should not exceed 50 per cent of those savings deposits.

It was not in the mind of the committee that this provision, coming, as it does, in connection with the limitation on the amount of loans on real estate, could be construed by anybody as giving the national banks a right to change their titles and call themselves savings banks, but I have before me an amendment which, if agreed to, would meet the question raised by the Senator from New York. If we were to insert in section 18, page 32, at line 23, the following language, I think the case would be covered:

> Nothing herein shall be construed to authorize any national banking association to include in its corporate title or style the word "savings."

Mr. COPELAND. Mr. President, I hope the Senator will present that amendment, or accept it for the committee, because it certainly would take away a lot of the criticism which is now being made to the bill.

Mr. PEPPER. I am entirely ready to do that, and when the committee amendments are reported, at the conclusion of my explanatory remarks, I will include this one with them.

Mr. COPELAND. I thank the Senator. I have one other question. Would it weaken the bill if the original language were reverted to and, instead of saying "savings deposits," we should use the language which was originally in the bill, "time deposits"?

Mr. PEPPER. Mr. President, that question was carefully considered, and I call the Senator's attention to this kind of a situation, which is the explanation of the language preferred by the committee:

We know that in ordinary commercial usage there are a great many time deposits of large amounts pending the completion of some large corporate transaction, where a depositor comes in with perhaps a million dollars or more and asks permission to deposit it on time interest, on the ground that it is going to take such and such a length of time for the settlement to be closed. That is a time deposit, but it is not a savings deposit, and the thought of the committee was that it would not be well to take that casual but very important time deposit as a measure, to the extent of 50 per cent thereof, of the ability of the bank to make a long-time loan on real estate. So that we have endeavored to relate the transaction of lending on real estate for a long term to savings deposits, strictly so called, and the Senator from New York and other Senators will recall that this bill confers upon national banks no powers in that regard which they have not now.

Mr. COPELAND. Mr. President, I am well aware of that, and, as the Senator from Pennsylvania knows, I am in hearty sympathy with the bill; but the thought I have in mind is that, so far as possible, we should avoid ground for criticism. There was very bitter opposition to this bill at first, but I find now that it is limited almost entirely to the one thing, and I would be glad, for myself, if the committee would go just as far as it can go in doing away with any substantial ground of criticism. There is no question at all that in my city the national banks must have this privilege of establishing branches. Otherwise those great, substantial organizations would go out of business and the Federal reserve itself would be threatened. So, because of my conviction of the importance of it, I am anxious to have as cordial and hearty support for the measure in my city and in the country at large as is possible.

Mr. PEPPER. All I can say is to state, as I have attempted to, the considerations which have led the committee to suggest the provision as it stands. When we come to take up the committee amendments the Senator from New York will use his discretion respecting the proposal of an amendment, when it is in order, restoring the language of the House; but I am not authorized, on the part of the committee, to accept any amendment in that regard.

Mr. COPELAND. Will the Senator state whether or not he thinks it would weaken the bill? I would not want to present any amendment which, in the opinion of the committee, would tend to weaken the bill. If it would not weaken it, I would prefer to have an amendment and would offer one.

Mr. PEPPER. Mr. President, the only value my opinion on such a subject has is due to the corroborating opinions of the really experienced members of the committee, such as the Senator from Virginia [Mr. GLASS] and others, and in the judgment of those who are qualified to express any opinion it is extremely desirable to establish in the minds of the banking community a relation between savings deposits, as such, and long-time real estate loans; and I think if we substitute the expression "time deposits," we will find that all sorts of temporary deposits will be made on terms of time, not real savings deposits at all, for the specific purpose of enabling the bank to raise the limit of the amount that it can lend on long-time real estate loans, and in a community that is going wild over real-estate development and speculation a very unsound commercial situation might be produced.

Mr. COPELAND. The Senator from Pennsylvania belongs to a profession where there are no jealousies, but in my profession there are some, and I have found that in the banking world there are jealousies. The thing I have in mind is that apparently the savings banks, mutual banks, the State banks, and the building and loan associations are not keen to have it advertised, even through a bill of this sort, that there are savings accounts in those institutions. So, as a matter of expediency, if there were no higher reason for it, I would say it is wise to use the original term "time deposits," unless it does weaken the bill to do that.

Mr. PEPPER. It may be that the Senate will take that view, but since the Senator honored me by asking my individual opinion I must say that the security of the depositors seems to me to be more important than the susceptibility of the bankers.

I yield now to the Senator from South Dakota.

Mr. STERLING. I will say to the Senator that the Senator from Utah desires to ask a question concerning section 18, which has just been discussed, and I give way to him for that purpose.

Mr. KING. Mr. President, the Senator having been diverted from his orderly presentation of the bill, as he stated—

although what he does is always orderly—if it is considered by him proper I should like to ask one question about section 18; but I shall be glad to defer it——

Mr. PEPPER. Not at all.

Mr. KING. I would like to ask the Senator whether he does not think a five-year limit of law is not entirely too long?

Mr. PEPPER. There was a good deal of discussion about that matter, both in the House committee and before the Senate committee. The House and the Senate are in agreement upon the matter so far as that particular provision is concerned. The argument in favor of the five-year term is that a mortgage with that time to run is actually more readily marketable in case the holder of it desires to liquidate than a mortgage which is more nearly approaching maturity. A mortgage that is not well secured is no safer at one year than at five; but assuming both of them to be well secured, the preponderant opinion seems to be that the long term is actually coincident with greater readiness to liquidate, that you can realize on your security faster under those conditions than under the others. The Senator will understand that I am in somewhat parrotlike fashion repeating the opinions of those whose judgment I value in the matter. My own view on the subject would be immaterial.

Mr. STERLING and Mr. SIMMONS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield; and if so, to whom?

Mr. PEPPER. I yield first to the Senator from South Dakota. I will yield to the Senator from North Carolina next.

Mr. STERLING. The question I desire to ask is prompted largely by the question of the Senator from Louisiana [Mr. RANSDELL]. He stated the case of a bank in his own State which had a number of branch banks which had been running for many years. The number of years he did not state. I recall that the bill does state the number of years in a certain connection.

Mr. PEPPER. That is correct. There are in the country a few national banks which, by a kind of custom or tradition that runs many, many years back, are maintaining a single branch somewhere outside of the limits of the municipality in which the parent bank is situated. The particular provision was inserted to preserve that status which has existed perhaps over 25 years.

Mr. STERLING. The bill, after stating the population of the municipality within which branch banks may be established according to population, goes on to say—

but any national banking association which has maintained not exceeding one branch continuously for a period of not less than 25 years immediately prior to January 1, 1925, may continue to maintain said branch.

Mr. PEPPER. That is correct. That is an exception which was introduced as a sort of common-sense measure to take care of, I think, not to exceed two cases in the country where old-established branch banks of that sort exist, not more than one to a national bank.

Mr. STERLING. The words "may continue" would imply, of course, that if they did not comply with conditions they would be discontinued under the law and that the branch bank could not be longer maintained except under the conditions stated.

Mr. PEPPER. I now yield to the Senator from North Carolina.

Mr. SIMMONS. I desire to ask the Senator, in the case of the consolidation of a State bank with a national bank for banking purposes, whether that consolidation would curtail in any way the right of the national bank to establish branches within the municipality?

Mr. PEPPER. No; but let me say to the Senator that if the consolidation he has in mind is a future consolidation, the State bank consolidating with the national bank could not retain the upstate branches after consolidation. In other words, if a State bank has branches under the State law that exist outside of the limits of the municipality, that State bank will have to continue to be a State bank if it wants to retain its branches. If hereafter, after the date of the passage of the bill, it consolidates into a national bank it must relinquish the branches beyond the limits of the municipality.

Mr. President, the ninth section of the bill is one in which the Senator from Virginia [Mr. GLASS] is particularly interested. It is a new section put in by way of amendment by the committee and takes the place of section 9, which the committee has by amendment eliminated.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Florida?

Mr. PEPPER. I yield.

Mr. FLETCHER. Before the Senator passes to section 9 may I say that I have had some complaints about the provisions of section 8? It does not perhaps trouble anyone except in the case of States the laws of which now prohibit branch banks. We might say that in a State where branch banking is prohibited by State law they are not concerned because they are not interested in branch banking, and none can be established in that State. But I find in some of the States that they are looking ahead. The State of Washington is one of them and there are a number of others. They are rather inclined to object to the provision which would exclude branch banks in case the States hereafter pass laws allowing branch banking.

I would like to call the Senator's attention to page 12, line 11, just for a moment in that connection and ask what he would think about a change in that provision. The language is:

That at the time of the approval of this act there is in force in the State in which such association is located a law—

And so forth.

Would the Senator object to striking out in line 11 the words "approval of this act" and inserting in lieu thereof the word "application," so it would read, "that at the time of the application there is in force," and so forth?

Mr. PEPPER. The Senator, perhaps unconsciously, is standing on one of the bloodless battle fields in the controversy respecting branch banking. The language to which the Senator has called attention is the so-called Hull amendment, which was introduced in the House and the introduction of which was made a condition of the indorsement of the measure by the American Bankers' Association. There is so violent a difference of opinion respecting those who advocate state-wide branch banking and those who oppose it that the antibranch bankers are unwilling that any measure should be passed here which throws the doors open in the States which do not now permit branch banking to a campaign for liberalizing in that respect the laws of the State.

I suggest to the Senator that if we were to tamper with that provision here we would alienate from the measure a large part of its support; we would alienate a very considerable section in the House, and we might lose all the advantages for the national banks in the States which now permit branch banking, and gain nothing for anybody.

Mr. FLETCHER. That is just what I wanted to have the Senator bring out. I appreciate the point, and I know that it was involved in the Hull amendment. I wanted the Senator's view whether, in case of an attempted change such as I suggested, it would probably result in the defeat of the measure.

Mr. PEPPER. I think, so far as one man can form an estimate of the whole situation, that it would weaken the support of the measure outside of Congress and result in the defeat of the measure within Congress.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. PEPPER. I yield.

Mr. KING. The Senator is discussing a matter which I had noted for amendment. I can not quite follow the Senator. It seems to me the discrimination which would result if the bill as it is now reported were to be enacted into law is so apparent as to call for change. I had in mind suggesting the following amendment to remedy the evil of which I am speaking:

On line 3, page 6, to strike out the words "at the time of the approval of this act did," and insert in lieu thereof the word "does"; on line 7 of the same page strike out the word "heretofore"; on line 8 of the same page strike out the word "was" and insert the word "is." That would call for corresponding amendments on page 10. Then on page 12, line 11, strike out the words "at the time of the approval of this act," and in lines 15, 16, and 17 strike out the words "which said law, regulation, or usage remains in force at the date of the establishment by such association of said branch or branches."

Perhaps it would be more appropriate for me to offer the amendment later and then it may be discussed, but the Senator having alluded to it I felt that it was my duty to call his attention to it at this time.

Mr. PEPPER. Mr. President, the section which the committee suggests as section 9 is one that I referred to a few moments ago as the one in which I think the Senator from Virginia [Mr. GLASS] is particularly interested, though the

whole committee regarded it as important, and that is the imposition of something like a limitation upon the present authority of the Federal Reserve Board to impose, under the language of section 9 of the Federal reserve act, any kind of conditions or restrictions which the board approves as a condition of admissibility to the system.

If Congress were to adopt the amendment appearing at the top of page 17, the committee thinks that the discretion of the Federal Reserve Board in the premises should be a discretion exercised pursuant to the provisions and conditions of the act; that is, that there was no intent of Congress, when the Federal reserve act was passed, to create in the Federal Reserve Board a body with authority to prescribe any kind of conditions it pleased as a condition precedent to admissibility to the Federal reserve system, but rather to confer upon the Federal Reserve Board authority to make regulations pursuant to the act fixing the terms upon which banks might become members of the Federal reserve system.

Mr. COPELAND. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield to the Senator from New York?

Mr. PEPPER. I yield.

Mr. COPELAND. If the Senator will pardon me a moment, if I seem persistent in the matter it is because I shall be unavoidably absent from the Chamber to-night. I want to revert once more to the matter of savings. I find in looking over my correspondence a letter from a concern saying that the State banks and trust companies under the law of New York are not permitted to use the word "savings" in their name. I have here the banking law of New York and it is very interesting. It has a bearing upon the amendment which I suggested to the Senator from Pennsylvania. It reads as follows:

> No bank, national banking association, trust company, individual, partnership, unincorporated association or corporation other than a savings bank or a savings and loan association shall make use of the word "saving" or "savings" or its equivalent, in its banking business, or advertise or put forth any advertising literature or sign containing the word "saving" or "savings," or its equivalent, nor shall any individual or corporation other than a savings bank in any way solicit or receive deposits as a savings bank. Any bank, national banking association, trust company, individual, partnership, unincorporated association, or corporation violating this provision shall forfeit to the people of the State for every offense the sum of $100 for every day such offense shall be continued.

Everywhere, according to the decisions and the opinions of the Attorney General, the use of the word "savings" in the banking business or in advertising or in literature of any sort is prohibited in my State. So I feel that if the committee could see its way clear to withdraw the proposal to use the word "savings" and let it remain "time deposits," I should be glad. I see the distinction made by the Senator about time deposits in the ordinary technical sense of time deposits and savings accounts, but, after all, savings accounts are time deposits. I believe, if I may say so, that it would save much trouble in my State and perhaps in other States if that word "savings" were dropped out of the bill, and then I believe further that the amendment suggested by the Senator from Pennsylvania should be adopted.

Mr. McLEAN. Mr. President——

Mr. PEPPER. I yield to the Senator from Connecticut.

Mr. McLEAN. May I call the attention of the Senator from New York to the fact that the law which created the Federal reserve system designtes all deposits of more than 30 days as time deposits. Any deposit that goes into a national bank for more than 30 days is a time deposit. The Senator will see the difficulty in regulating as we should these mortgage loans unless we use the word "savings," because, as the Senator from Pennsylvania said, a man may come in with a check for $1,000,000 which he does not want to use for 32 days, and that would be a time deposit under the law.

Mr. COPELAND. Perhaps some synonym could be found or some other word which would make it very clear so far as the wording of the bill is concerned.

Mr. PEPPER. I may say in reference to the suggestion of the Senator from New York that the committee are entirely in accord with the desire of the Senator to guard against anything like poaching upon the preserves of savings funds and savings banks. Nobody could be more zealous in that matter than I, because we have in Pennsylvania a number of old savings funds of great reputation and great antiquity upon whose prerogatives I should be most loath to trespass. I make the suggestion to the Senator from New York that I shall be very glad, in the period of recess between 5 o'clock and 8 o'clock this evening, to discuss with him the possibility of some change in the phraseology of the amendment I have outlined so that what we are all attempting to do may be accomplished with a saving of time.

Mr. COPELAND. I thank the Senator.

Mr. PEPPER. Mr. President, the tenth section of this bill is a section upon the discussion of which I shall not enter unless questions shall be asked of me. It is a section of very considerable intricacy and really not suitable for discussion on the floor. It attempts to clarify the language of section 5200 of the Revised Statutes in respect of those transactions which constitute, under the existing law, exceptions to the rule that a national bank may not lend more than 10 per cent of its unimpaired capital and surplus to any one person, corporation, or firm. The judgment of the committee is that the amendment proposed by the committee makes no change in the existing law except in one important particular, and that is in the way of restriction.

At the present time, if the customer of a bank has borrowed up to the limit of 10 per cent of the capital and surplus of a national bank on his note, and thereafter he presents to the bank paper of which he is not the maker but only a guarantor or a person secondarily liable or even an indorser, he may without restriction get advances from the bank in respect of the paper thus presented, which we think is clearly against the interest of prudent banking. We think that the case of the guarantor should be included in the 10 per cent limit of loans that may be made by the institution to any one person. We have made that change in the existing law. In other respects we have made no change so far as the lending of national banks is concerned; but the cumulative effect of section 10 and section 14 in their relation to the Federal reserve act would be that, whereas at present a Federal reserve bank is permitted to rediscount bills of exchange drawn against existing values without any limit whatever, it may not, if the transaction takes the shape of the giving of a note by the purchaser of a commodity, rediscount that note to an extent greater than 10 per cent of the capital and surplus of the bank. The committee thinks that if section 5200, as here proposed to be amended, is approved, there is no sound reason for distinguishing between the case of a commercial transaction which takes the form of the giving of a purchaser's note for a commodity and where it takes the form of a bill of exchange drawn by the seller of the commodity and accepted by the vendee. Those two instances, one of them relating to the guarantor who gets direct accommodations from the national bank, and the other relating to the transaction of rediscount with the Federal reserve banks, are the only two particulars in which the committee amendment changes or tends to change the existing law; and in both instances the committee believes that the amendment is very much in the interest of clarification. We think that the first of the two changes which I have suggested is distinctly in the interest of conservatism, and the second of them makes no substantial difference in the transactions which at the present time lead to rediscount in the Federal reserve banks.

Mr. SIMMONS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from North Carolina?

Mr. PEPPER. I yield to the Senator from North Carolina.

Mr. SIMMONS. Do I understand the Senator to mean that if A, who has borrowed money from a bank, indorses the paper of a friend as a matter of accommodation, that indorsement is to be charged against him to the extinguishment of his right to have further advances and also to be charged against the maker of the note for the same purpose, affecting his credit in the same way?

Mr. PEPPER. The question we are considering is a question of the extent to which a national bank may accept the liability of a single customer. The general proposition is that it may not accept his liability in excess of 10 per cent of its unimpaired capital and surplus.

Mr. SIMMONS. Exactly.

Mr. PEPPER. There is a series of exceptions covering the case of various kinds of straight commercial paper issued by a third person to the customer in the case of a legitimate commercial transaction, indorsed by the customer and taken to the bank for discount, which is two-name paper and is not regarded as a liability of the customer to be counted in computing the 10 per cent; but if that transaction is one in which the customer has loaned his accommodation credit to the maker of the paper, and the transaction is not a legitimate commercial transaction in the ordinary sense but a mere accommodation transaction, then the amount of credit thus extended to the customer is included in the 10 per cent limit which the section lays down at the beginning.

Mr. SIMMONS. Then it applies to an accommodation indorsement but does not apply to what would be called a commercial indorsement?

Mr. PEPPER. That is correct.

Now, Mr. President, I am going to ask the Senator from Virginia [Mr. GLASS], whose experience in this matter is so great, whether, if he did me the honor to follow the answer I made to the Senator from North Carolina [Mr. SIMMONS], I correctly stated the view of the committee?

Mr. GLASS. The Senator from Pennsylvania very accurately did so.

Mr. PEPPER. I am very anxious accurately to reflect the views of the committee on that subject.

Mr. GLASS. I think the Senator stated the matter clearly and to the point.

Mr. PEPPER. I thank the Senator from Virginia.

Leaving section 10, I pass rapidly over section 11, because that merely corrects a curious typographical error in the intermediate credits act, passed at the first session of this Congress, a typographical error which resulted in leaving out a section which was actually contained in the measure when it passed both Houses. Section 10, by reenactment, merely corrects that error.

The twelfth section needs no explanation from me. It merely clarifies the provision of existing law respecting the offense of certifying a check where there has been no deposit of funds against it.

The thirteenth section is merely a provision authorizing the vice president and the assistant cashier of a national bank to verify reports of the Comptroller of the Currency. That is a matter of mechanics merely. The present law requires that such reports shall be signed by the president and cashier.

The fourteenth section I have already discussed in connection with the tenth.

The fifteenth section permits national banks to acquire and hold within certain limits stock in safe-deposit companies in order that they may properly compete with State banks and trust companies which do a safe-deposit business.

The sixteenth is a section defining and providing for the punishing of the crime of stealing by examiners and assistant examiners.

The seventeenth section inserts a criminal provision which was in the bill when originally introduced in the House but was omitted when the bill was passed by the House. I do not mean, however, that it was omitted inadvertently. It is a section which defines a number of crimes which are already crimes if committed against State institutions under the laws of the States, makes such acts punishable as offenses against national banks, and gives to the State courts concurrent jurisdiction with the Federal courts in entertaining proceedings for their punishment.

The final section—section 18—has been already discussed at an earlier stage of my remarks in response to various questions asked by Senators on the floor.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. PEPPER. I yield to the Senator from Utah.

Mr. KING. Is subdivision (c), on page 30, a new penal provision? Is there anything in the existing law that corresponds to the provisions of that subdivision?

Mr. PEPPER. Mr. President, there is nothing in the existing Federal law——

Mr. KING. I am speaking of the Federal statutes.

Mr. PEPPER. There is nothing in the existing Federal law on that subject, but in many of the States the acts therein made criminal are offenses punishable by fine and imprisonment or both when committed against a State bank. The thought was that the national bank should have as much protection as the most rigorous of the State statutes gives to State institutions, and any hardship, or fancied hardship, that might result to the defendant by being made amenable to the jurisdiction of the Federal courts, if their jurisdiction were exclusive, is met by the committee's suggestion of giving concurrent jurisdiction to the State courts.

Mr. KING. I notice that in subdivision (e) and subdivision (f) acts are made criminal and penalties are prescribed which, I think, are covered by penal provisions in the statutes of every State in the Union. The Senator, I am sure, will agree with me that there is too much of a disposition in Federal legislation to traverse ground which is properly covered by State statutes.

I recall that a number of years ago there was very strong pressure to have a statute passed by Congress making it a crime, punishable very severely, if not with death, to break into a national bank. I objected to that measure, for the reason that in the penal statutes of every State in the Union ample provisions are made for the punishment of persons who seek to commit robbery, or assault another with intent to commit bodily harm, or to commit murder. Where the States cover by adequate statutes conduct which might be defined as general conduct of individuals, it seems to me we are striking at the States and are really relieving them of their duty to protect property within their own boundaries when we enact Federal statutes on the same subject. The duty and obligation rest upon the States to preserve the property of a Federal bank, a national bank, as much as to preserve the property of a State bank.

Mr. PEPPER. Mr. President, I am entirely in accord with the Senator in his expression of disapproval of Federal legislation which has a tendency to duplicate the organic laws of the States; but the criminal laws of the States are by no means in harmony, and there are in many of the States provisions making it punishable to rob, beat, assault, or deal despitefully with the agents or representatives of banks, where it is at least doubtful, since those provisions have been long on the statute books, and antedated the creation of the national-banking system, whether the banks referred to are not merely the banks created and existing under the laws of the States. The purpose of this series of sections is to make it clear, irrespective of the obscurities in State statutes, that there is such a thing as a criminal offense committed against the representative of the national bank in the instances to which the sections refer.

If I felt sure that there was duplication of State criminal legislation, I should at once acquiesce in the Senator's suggestion. It is because we are told by those who have made a considerable study of it that in many instances indictments would be likely to fail under State laws that we have thought it was better to run the risk of redundancy than that the guilty should escape.

Mr. KING. Mr. President, I agree with the Senator, if the State statutes are not broad enough, that perhaps we would be justified in legislating; but I confess to a very deep-seated objection—indeed, a repugnancy—to the interposition of the Federal Government in the affairs of the State. I think penal statutes, so far as possible, those relating to life and property and the protection of life and property, ought to be passed by the States.

The Federal Government ought not to be a prosecutor. There ought not to be Federal penal statutes unless it is absolutely necessary.

Mr. PEPPER. The only two provisions that relate to life and property in the section of this statute which we are now discussing are provisions that have to do with beating, robbing, and assaulting a messenger, and breaking into and entering a bank. In other words, there is nothing novel or unusual in the provisions; and, so far as the penalties are concerned, there are only upward limits to the length of the imprisonment and the size of the fine. There are no downward limits.

Mr. KING. I am sure there is not a State in the Union that has not ample provisions for the punishment of those who commit assaults; and a messenger would come within the terms of the State statutes. An assault upon a bank messenger would be an assault upon an individual; and breaking into a Federal bank is provided for, because there is not a State in the Union that does not have a statute dealing with the question of breaking into buildings.

Mr. PEPPER. Mr. President, the safe transit of the money of banks through the streets and along the highways is thought so important that as a rule the States penalize with special severity assaults upon the custodians of those funds; and it is not with respect to the general criminal laws of the States that uncertainty exists, but with respect to those special State provisions authorizing special treatment of offenses committed against the messengers of the banks, and it is merely to prevent a casus omissus as between State and Federal legislation that this language is inserted.

Mr. KING. May I say to the Senator that I had occasion a number of years ago to refer very briefly to the statutes upon the question of robbery; and my recollection is that there is not a State in the Union that does not have a penalty, some as high as 50 years, for robbery; and in none of the States, according to my recollection, was the maximum less than 20 years.

Mr. PEPPER. My own recollection is the same as that of the Senator on that subject; and of all the offenses short of murder the crime of robbery, and especially of highway robbery, is the one most generally penalized and most heavily penalized.

I yield to the Senator from Missouri.

Mr. REED of Missouri. Mr. President, I did not desire to interrupt this particular phase of the discussion at this moment. I did want to ask the Senator a question touching another matter in the bill. I will not interrupt him at this time.

Mr. ROBINSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Arkansas?

Mr. PEPPER. I do.

Mr. ROBINSON. With the kindness of the Senator from Pennsylvania, I should like to bring to his attention now a matter to which I think some consideration has been given by him.

The House of Representatives sought to liberalize the provisions of section 5200 in so far as they relate to the amount which may be loaned to one person, firm, or corporation on shipping documents based on commodities that are covered by insurance. The Senate amendment apparently is more restricted in that particular. I should like to propose an amendment, or have the Senator consider an amendment, as follows:

On page 23, of the print which I think the Senator is using, on line 9, strike out "15" and insert "40," and on line 10 of the same page strike out "115" and insert "125," so that for the convenience of national banks which make loans in States in a measure in competition with State banks based on commodities, shipping documents, and the commodities being covered by insurance, the rule would be relaxed. The total amount of loans that might, under the amendment that I suggest, be made by any bank could not exceed 50 per cent of the capital and surplus, and at all times there would be security of the value of 125 per cent of the amount of the face of the notes, and the property itself would be fully covered by insurance.

The national banks, particularly in some localities, are greatly embarrassed by the existing provisions of section 5200. One of the primary objects, of course, in restricting loans to a single individual or corporation is to prevent the utilization of the facilities of the bank by a few persons or associations of persons. It is also, of course, to make certain that there can be no loss on that class of loans. So long as the security is, say, 125 per cent of the face of the notes, and the property itself is fully covered by insurance, the loan would be absolutely safe, and at certain seasons of the year with the changes that I have proposed national banks that handle what may be termed commodity loans, would be greatly convenienced, and they would incur no risk of loss, if such a proposal should be accepted.

I ask the Senator whether he would feel justified in accepting such an amendment?

Mr. PEPPER. Mr. President, I have no authority from the committee to accept amendments; but I may say for myself that I am entirely in sympathy with the suggestion made by the Senator. I have taken the liberty of conferring with the Comptroller of the Currency on the subject, and I find that his view is favorable to the view expressed by the Senator. The net result of the Senator's proposal, Mr. President, is to treat a commodity loan secured to the extent of 125 per cent by collateral, amply covered by insurance, as a sufficient basis of credit up to the extent of 50 per cent of the capital and unimpaired surplus of the bank; and it seems to me individually that that is only a reasonable commercial accommodation to banks engaged in that class of commodity loans, which are particularly the banks that loan on cotton.

Mr. REED of Missouri. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Missouri?

Mr. PEPPER. I yield to the Senator from Missouri.

Mr. REED of Missouri. This bill has not passed the House; has it?

Mr. ROBINSON. Oh, yes.

Mr. PEPPER. Mr. President, for the information of the Senator let me say that the bill now under consideration is the House bill, with amendments proposed by the Senate Committee on Banking and Currency, and substituted by unanimous consent for the Senate bill which is on the calendar, and which, if this bill passes, will be indefinitely postponed.

Mr. REED of Missouri. I was under the impression that we were considering the Senate bill.

Mr. President, if the Senator will permit me, I have not had the opportunity to study this bill. I have glanced through it to a sufficient extent so that I am convinced that it is one of the most important bills that have been brought forward at this session, perhaps the most important. I had the honor to serve on the Banking and Currency Committee at the time the Federal reserve act was created. I do not think we ought to pass a bill with so many important measures in it as are contained in the present bill without time for thorough deliberation and study. A single mistake may have very drastic consequences.

I do not think we ought to try to pass this bill under these circumstances. For myself, I should like two or three days' time to study it. I should like to consult with persons who are better able than myself to pass upon the question of the application of this bill to the particular conditions that exist. I do not believe that we are justified in pushing—I am not going to use the term "rushing," for the Senator is not trying to rush the bill—but, in a sense, it is a pushing forward of the bill at a time when mature consideration can not be given to it.

Mr. PEPPER. Mr. President, if the Senator will permit me, I am not quite sure that he realizes the history that is back of this measure, and with his permission I will state what it is.

The two bills—the House bill and the Senate bill—were introduced at the last session. Ever since they were introduced, practically a year ago, they have been the subject of exhaustive study and hearings in the committees of both Houses. They have been submitted to the convention of the American Bankers' Association meeting in Chicago last autumn and by that association indorsed, and they have been subjected to meticulous criticism by bankers of all classes all over the country, and every effort has been made in the amendments now brought forward to meet the objections which seemed to the committee justifiable criticisms of the measure. So I want to assure the Senator that there is not only no disposition to rush the measure but it has been receiving most unusual care for more than a year.

Mr. REED of Missouri. Yes; but when we get the bill into the Senate, where it is entitled to consideration by the Senate as a whole, it is here now so late in the session that the Senator and I both perfectly understand that it is not going to receive the character of analysis that it would under different circumstances. Now it is pleaded that it has satisfied the bankers. That is a good thing. They should be consulted, because it affects their business, but I should not want any bill to pass merely because it had pleased the banking fraternity. I remember, when we drew this act originally, that the bankers were primarily opposed to almost everything in it, and they were heard, and many changes were made because they were able to point out specific evils.

But we found that there was another side always than the bankers' side. There was the business man's side, and there was the view which some took which had to do with the customer of the bank—the general public. We have here a bill in which it is proposed to hang on to the national banking act these penalties for crimes that are purely and absolutely local in their character. If we are to pursue that method it can be extended so that almost all of the crimes committed in the country will be brought to the doors of Federal courts.

Mr. PEPPER. May I interrupt the Senator long enough to call his attention to two points which he possibly may have overlooked. He spoke first of the Federal reserve act.

Mr. REED of Missouri. Yes.

Mr. PEPPER. And the solicitude we all feel respecting its integrity. The provision affecting the Federal reserve act, in the only far-reaching and important particular in which it was touched by this bill, would be struck out of the bill by one of the amendments reported by the committee, and section 9 of the bill as it passed the House is recommended for omission. In the second place, with regard to the crimes, the jurisdiction to entertain prosecution for their punishment is concurrent in the State courts.

Mr. REED of Missouri. Oh, yes; it is concurrent now as to prohibitory statutes; that is, States are left jurisdiction. Yet the Senator knows, with his legal experience and connections, that our Federal courts have been transformed into a species of police courts, that they are unable to transact the business which they formerly transacted, and that we have recently, beginning at the wrong end, as we usually do, proceeded to limit the right of appeal, instead of going down to the other end and limiting the number of cases they have to hear in the first instance. I am utterly opposed to the principle of extending Federal jurisdiction over crimes that are committed within States merely because somebody can devise a means by which under the Constitution this Government can take jurisdiction of a crime.

Mr. PEPPER. Mr. President, I am going to break in on the Senator for a moment, if he will permit me.

Mr. REED of Missouri. Certainly.

Mr. PEPPER. The committee all feel the force of the suggestion made by the Senator. The provisions of this bill are of very unequal importance. The provisions of the section which

the Senator is now discussing, while we admit them of importance, are not, in our judgment, on a parity with the urgency of the rest of the bill, and I can assure the Senator that if, when we come to the consideration of the amendments of the committee, the Senator were to move to strike out or to reject the committee amendment to which he is now talking he would meet with no opposition from me, and I should be surprised if any member of the committee would make a point of it. If the Senator feels that there is a danger in this section not seen by the committee we would be quite willing, I am sure, that a motion made by the Senator to expunge that section when it comes up in the form of a committee amendment should prevail.

Mr. REED of Missouri. I will not further interrupt the Senator at this time. I do think that a bill of this sort can not receive proper consideration at this late hour of the session.

Mr. PEPPER. Mr. President, I have completed the explanatory remarks which I desired to make before proceeding to a consideration of the amendments proposed by the committee, and I suggest that the bill be read now for action on the committee amendments.

The PRESIDENT pro tempore. Is there objection?

Mr. SHIPSTEAD. Mr. President——

Mr. PEPPER. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. I beg the Senator's pardon; I thought the Senator was through.

Mr. PEPPER. The Secretary is about to read the bill for action on the committee amendments. I yield the floor, with the understanding that the measure is before the Senate.

Mr. SHIPSTEAD. Mr. President, this bill has come over from the House——

Mr. STANLEY. Mr. President——

Mr. SHIPSTEAD. I yield to the Senator.

Mr. STANLEY. Before the Senator from Pennsylvania yields the floor, I desire to call his attention to subdivision (c) of section 17, which appears on page 30, and which provides, "If two or more persons conspire to boycott, or to blacklist, or to cause a general withdrawal of deposits" from a bank, and so forth. There is no objection to that, but the bill goes further and provides, "or to cause a withdrawal of patronage from, or otherwise to injure the business or good will of any national banking association * * * shall be fined not more than $5,000, or imprisoned for not more than five years, or both."

What I want to call attention to is the clause, "If two or more persons conspire to * * * cause a withdrawal of patronage" from a national bank, and so on.

In the event I, as a director in a State bank, should go to a friend of mine and ask him to deposit money in my bank, telling him I would pay him a higher rate of interest for a fixed time deposit if he would deposit his money with my bank, I would be engaging in a criminal transaction under this provision. There are a good many ways by which men advance the causes of banking institutions with which they are associated which would cause injury to national banks to the extent that the withdrawing of patronage from those banks would injure them. Under the terms of this bill, would such acts as that be cognizable? It does not require proof of any malicious intent; it does not require proof of any intent to injure the bank; it does not presuppose a general withdrawal, but any act which causes a withdrawal of patronage from a national bank is punishable under this statute, and I wondered whether that section were not most too broad or whether it was broader than the existing law.

Mr. PEPPER. Mr. President, there is no existing law on the subject so far as the Federal statutes are concerned, and the provision to which the Senator calls attention I think would hardly be applicable to the case he puts. It refers to a conspiracy to take business away from a bank; that is, the concert of two or more persons to do a thing by conspiracy which, if done by an individual, might be lawful enough. It refers to the intention of two or more to accomplish a trade disadvantage against a national bank. In many of the States the State banks are protected against that kind of combination. This is an attempt to extend similar protection to national banks. But I will say to the Senator, as I said to the Senator from Missouri, that we are much more interested, if I may speak for the committee to that extent, in pressing upon the Senate the affirmative changes in the permissive parts of the bill than we are in pressing for penalties for the prohibitive features of it, and if, in the wisdom of the Senate, that section were to go by the board, I do not think any of the committee would regret it.

Mr. STANLEY. Mr. President, I have no objection to the punishment of those guilty of conspiracy to injure the credit of a national bank where it is done for the malicious purpose of injuring the bank, or any conspiracy to cause a run upon the bank, but in the effort to prevent that thing, it strikes me this language is so generally drawn that it might take within its scope acts which were comparatively innocent and which are continually performed by the friends of banks.

The PRESIDENT pro tempore. The Senator from Minnesota [Mr. SHIPSTEAD] is entitled to the floor.

Mr. BROOKHART. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Iowa?

Mr. SHIPSTEAD. In just a moment. Under the unanimous-consent agreement in just a few minutes we will go into executive session. As we agreed to recess until 8 o'clock, I want to make a parliamentary inquiry. I rose to address the Senate, and I yielded to the Senator from Kentucky. In view of the fact that only two or three minutes are left before we are to go into executive session, I want to ask the Chair this question: If I retain the floor until 5 o'clock, will I have the floor at 8 o'clock when we again convene under the unanimous-consent agreement?

The PRESIDENT pro tempore. The Chair would like to make a statement. There seems to be some discrepancy between the proposed unanimous-consent agreement as stated by the Senator from Kansas [Mr. CURTIS] and as stated by the Chair. As the Senator from Kansas stated it, it was agreed that at 5 o'clock the unfinished business would be temporarily laid aside——

Mr. CURTIS. Not in the agreement that was last submitted and agreed to.

The PRESIDENT pro tempore. And that the Senate then enter into executive session, and take a recess until 8 o'clock. As stated by the Chair, there is no reference to laying aside the unfinished business temporarily, and the Chair is inclined to think that, as the agreement now stands, when the Senate goes into executive session, and takes a recess until 8 o'clock this evening, the consideration of the bill now under consideration will be resumed.

Mr. CURTIS. That was the intention in making the request for unanimous consent.

The PRESIDENT pro tempore. The hour of 5 o'clock having arrived——

Mr. BROOKHART. Mr. President, it is yet one minute before 5 o'clock, and I would like to have House bill 745, for the establishment of migratory bird refuges, and so forth, be taken from the table and referred to the Committee on Agriculture and Forestry.

EXECUTIVE SESSION

The PRESIDENT pro tempore. Under the unanimous-consent agreement the Senate will go into executive session. The Sergeant at Arms will clear the galleries and close the doors.

The Senate thereupon proceeded to the consideration of executive business. After one hour and five minutes spent in executive session the doors were reopened.

CONFIRMATION OF WILLIAM E. HUMPHREY

In executive session this day, following the confirmation of William E. Humphrey as Federal trade commissioner, on request of Mr. SHIPSTEAD, and by unanimous consent, the injunction of secrecy was removed from the vote by which Mr. Humphrey was confirmed.

The vote on confirmation resulted—yeas 45, nays 10, as follows:

YEAS—45

Ball	Dill	McLean	Robinson
Bayard	Edge	Mayfield	Shortridge
Bingham	Ernst	Means	Simmons
Bursum	Fernald	Metcalf	Smith
Butler	Fess	Moses	Spencer
Cameron	George	Oddie	Stanfield
Capper	Gerry	Overman	Sterling
Caraway	Gooding	Pepper	Wadsworth
Cummins	Jones, Wash.	Phipps	Watson
Curtis	Kendrick	Ralston	
Dale	Keyes	Ransdell	
Dial	McKinley	Reed, Pa.	

NAYS—10

Borah	Johnson, Minn.	Norris	Shipstead
Copeland	King	Pittman	
Johnson, Calif.	Norbeck	Reed, Mo.	

INTERNATIONAL SANITARY CONVENTION

In executive session this day, the following convention was ratified, and, on motion of Mr. BORAH, the injunction of secrecy was removed therefrom:

To the Senate:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith an international sanitary convention signed on November 14, 1924, by the delegates

of the United States and Latin-American Republics represented at the Seventh Pan American Sanitary Conference at Habana.

The attention of the Senate is invited to the accompanying report of the Secretary of State, and memorandum concerning the convention prepared by Surgeon General Cumming of the Public Health Service.

CALVIN COOLIDGE.

THE WHITE HOUSE,
Washington, February 7, 1925.

The PRESIDENT:

The undersigned, the Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate to receive the advice and consent of that body to ratification, if his judgment approve thereof, a copy duly authenticated by the Secretary of State of Cuba, of an international sanitary convention, signed in one original at Habana on November 14, 1924, by the delegates of the United States, the Argentine Republic, Brazil, Chile, Colombia, Costa Rica, Cuba, Salvador, Guatemala, Hayti, Honduras, Mexico, Panama, Paraguay, Peru, the Dominican Republic, Uruguay, and Venezuela, to the Seventh Pan American Sanitary Conference.

The convention was submitted to the Secretary of the Treasury, who has stated to me in writing his approval of it, and has furnished a memorandum concerning it prepared by Surgeon General Cumming of the Public Health Service, who was one of the delegates of the United States to the Habana conference, and a signer of the convention. A copy of this memorandum is submitted for the information of the Senate.

Respectfully submitted.

CHARLES E. HUGHES.

DEPARTMENT OF STATE,
Washington, February 6, 1925.

THE PAN AMERICAN SANITARY CODE

The Presidents of Argentine, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Guatemala, Haiti, Honduras, Mexico, Salvador, Panama, Paraguay, Peru, United States of America, Uruguay and Venezuela, being desirous of entering into a sanitary convention for the purpose of better promoting and protecting the public health of their respective nations, and particularly to the end that effective cooperative international measures may be applied for the prevention of the international spread of the communicable infections of human beings and to facilitate international commerce and communication, have appointed as their plenipotentiaries, to-wit:

The Republic of Argentine:
Dr. Gregorio Araoz Alfaro.
Dr. Joaquin Llambias.
The United States of Brazil:
Dr. Nascimento Gurgel.
Dr. Raûl Almeida Magalhaes.
The Republic of Chile:
Dr. Carlos Graf.
The Republic of Colombia:
Dr. R. Gutiérrez Lee.
The Republic of Costa Rica:
Dr. José Barela Zequeira.
The Republic of Cuba:
Dr. Mario G. Lebredo.
Dr. José A. López del Valle.
Dr. Hugo Roberts.
Dr. Diego Tamayo.
Dr. Francisco M. Fernández.
Dr. Domingo F. Ramos.
The Republic of El Salvador:
Dr. Leopoldo Paz.
The United States of America:
Dr. Hugh S. Cumming.
Dr. Richard Creel.
Mr. P. D. Cronin.
Dr. Francis D. Patterson.
The Republic of Guatemala:
Dr. José de Cubas y Serrate.
The Republic of Haiti:
Dr. Charles Mathon.
The Republic of Honduras:
Dr. Arístides Agramonte.
The Republic of Mexico:
Dr. Alfonso Pruneda.
The Republic of Panama:
Dr. Jaime de la Guardia.
The Republic of Paraguay:
Dr. Andrés Gubetich.
The Republic of Peru:
Dr. Carlos E. Paz Soldán.
The Dominican Republic:
Dr. R. Pérez Cabral.
The Republic of Uruguay:
Dr. Justo F. González.
The United States of Venezuela:
Dr. Enrique Tejera.
Dr. Antonio Smith.

Who, having exchanged their full powers, found in good and due form, have agreed to adopt, ad referendum, the following

PAN AMERICAN SANITARY CODE:

CHAPTER I

OBJECTS OF THE CODE AND DEFINITIONS OF TERMS USED THEREIN

ARTICLE 1. The objects of this code are:

(*a*) The prevention of the international spread of communicable infections of human beings.

(*b*) The promotion of cooperative measures for the prevention of the introduction and spread of disease into and from the territories of the signatory Governments.

(*c*) The standardization of the collection of morbidity and mortality statistics by the signatory Governments.

(*d*) The stimulation of the mutual interchange of information which may be of value in improving the public health, and combating the diseases of man.

(*e*) The standardization of the measures employed at places of entry, for the prevention of the introduction and spread of the communicable diseases of man, so that greater protection against them shall be achieved and unnecessary hindrance to international commerce and communication eliminated.

ART. 2. Definitions: As herein used, the following words and phrases shall be taken in the sense hereinbelow indicated, except as a different meaning for the word or phrase in question may be given in a particular article, or is plainly to be collected from the context or connection where the term is used.

Aircraft: Any vehicle which is capable of transporting persons or things through the air, including aeroplanes, seaplanes, gliders, heliocopters, air ships balloons and captive balloons.

Area: A well determined portion of territory.

Desinfection: The act of rendering free from the causal agencies of disease.

Fumigation: A standard process by which the organisms of disease or their potential carriers are exposed to a gas in lethal concentrations.

Index, Aedes, Aegypti: The percentage ratio determined after examination between the number of houses in a given area and the number in which larvae or mosquitoes of the Aedes aegypti are found, in a fixed period of time.

Inspection: The act of examining persons, buildings, areas, or things which may be capable of harboring, transmitting or transporting the infectious agents of disease, or of propagating or favoring the propagation of such agents. Also the act of studying and observing measures put in force for the suppression or prevention of disease.

Incubation, period of: For plague, cholera and yellow fever, each 6 days, for smallpox, 14 days, and for typhus fever 12 days.

Isolation: The separation of human beings or animals from other human beings or animals in such manner as to prevent the interchange of disease.

Plague: Bubonic, septicemic, pneumonic or rodent plague.

Port: Any place or area where a vessel or aircraft may seek harbor, discharge or receive passengers, crew, cargo or supplies.

Rodents: Rats, domestic and wild, and other rodents.

CHAPTER II

SECTION 1. Notification and subsequent communications to other countries:

ART. 3. Each of the signatory Governments agrees to transmit to each of the other signatory Governments and to the Pan-American Sanitary Bureau, at intervals of not more than two weeks, a statement containing information as to the state of its public health, particularly that of its ports.

The following diseases are obligatorily reportable:

Plague, cholera, yellow fever, smallpox, typhus, epidemic cerebrospinal meningitis, acute epidemic poliomyelitis, epidemic lethargic encephalitis, influenza or epidemic la grippe, typhoid and paratyphoid fevers, and such other diseases as the Pan American Sanitary Bureau may, by resolution, add to the above list.

ART. 4. Each signatory Government agrees to notify adjacent countries and the Pan American Sanitary Bureau immediately by the most rapid available means of communication, of the appearance in its territory of an authentic or officially sus-

pected case or cases of plague, cholera, yellow fever, smallpox, typhus or any other dangerous contagion liable to be spread through the intermediary agency of international commerce.

ART. 5. This notification is to be accompanied, or very promptly followed, by the following additional information:

1. The area where the disease has appeared.
2. The date of its appearance, its origin, and its form.
3. The probable source or country from which introduced and manner of introduction.
4. The number of confirmed cases, and number of deaths.
5. The number of suspected cases and deaths.
6. In addition, for plague, the existence among rodents of plague, or of an unusual mortality among rodents; for yellow fever, the Aedes aegypti index of the locality.
7. The measures which have been applied for the prevention of the spread of the disease, and its eradication.

ART. 6. The notification and information prescribed in Articles 4 and 5 are to be addressed to diplomatic or consular representatives in the capital of the infected country, and to the Pan American Sanitary Bureau at Washington, which shall immediately transmit the information to all countries concerned.

ART. 7. The notification and the information prescribed in Articles 3, 4, 5, and 6 are to be followed by further communications in order to keep other Governments informed as to the progress of the disease or diseases. These communications will be made at least once weekly, and will be as complete as possible, indicating in detail the measures employed to prevent the extension of the disease. The telegraph, the cable, and the radio will be employed for this purpose, except in those instances in which the data may be transmitted rapidly by mail. Reports by telegraph, cable or radio will be confirmed by letter. Neighboring countries will endeavor to make special arrangements for the solution of local problems that do not involve widespread international interest.

ART. 8. The signatory Governments agree that in the event of the appearance of any of the following diseases, namely: cholera, yellow fever, plague, typhus fever or other pestilential diseases in severe epidemic form, in their territory, they will immediately put in force appropriate sanitary measures for the prevention of the international carriage of any of the said diseases therefrom by passengers, crew, cargo and vessels, and mosquitoes, rats and vermin that may be carried thereon, and will promptly notify each of the other signatory Governments and the Pan American Sanitary Bureau as to the nature and extent of the sanitary measures which they have applied for the accomplishment of the requirements of this article.

SEC. 2. Publication of prescribed measures:

ART. 9. Information of the first non-imported case of plague, cholera, or yellow fever justifies the application of sanitary measures against an area where said disease may have appeared.

ART. 10. The Government of each country obligates itself to publish immediately the preventive measures which will be considered necessary to be taken by vessels or other means of transport, passengers and crew at any port of departure or place located in the infected area. The said publication is to be communicated at once to the accredited diplomatic or consular representatives of the infected country, and to the Pan American Sanitary Bureau. The signatory Governments also obligate themselves to make known in the same manner the revocation of these measures, or of modifications thereof that may be made.

ART. 11. In order that an area may be considered to be no longer infected, it must be officially established:

1. That there has neither been a death nor a new case as regards plague or cholera for ten days; and as regards yellow fever for twenty days, either since the isolation, or since the death or recovery of the last patient.

2. That all means for the eradication of the disease have been applied and, in the case of plague, that effective measures against rats have been continuously carried out, and that the disease has not been discovered among them within six months; in the case of yellow fever, that Aedes aegypti index of the infected area has been maintained at an average of not more than 2 per cent for the 30-day period immediately preceding, and that no portion of the infected area has had an index in excess of 5 per cent for the same period of time.

SEC. 3. Morbidity and mortality statistics:

ART. 12. The international classification of the causes of death is adopted as the Pan American Classification of the Causes of Death, and shall be used by the signatory nations in the interchange of mortality and morbidity reports.

ART. 13. The Pan American Sanitary Bureau is hereby authorized and directed to re-publish from time to time the Pan American Classification of the Causes of Death.

ART. 14. Each of the signatory Governments agrees to put in operation at the earliest practicable date a system for the collection and tabulation of vital statistics which shall include:

1. A central statistical office presided over by a competent official.
2. The establishment of regional statistical offices.
3. The enactment of laws, decrees or regulations requiring the prompt reporting of births, deaths and communicable diseases, by health officers, physicians, midwives and hospitals, and providing penalties for failure to make such reports.

ART. 15. The Pan American Sanitary Bureau shall prepare and publish standard forms for the reporting of deaths and cases of communicable disease, and all other vital statistics.

CHAPTER III

SANITARY DOCUMENTS

SECTION 1. Bills of health:

ART. 16. The master of any vessel or aircraft which proceeds to a port of any of the signatory Governments, is required to obtain at the port of departure and ports of call, a bill of health, in duplicate, issued in accordance with the information set forth in the appendix and adopted as the standard bill of health.

ART. 17. The bill of health will be accompanied by a list of the passengers, and stowaways if any, which shall indicate the port where they embarked and the port to which they are destined, and a list of the crew.

ART. 18. Consuls and other officials signing or countersigning bills of health should keep themselves accurately informed with respect to the sanitary conditions of their ports, and the manner in which this code is obeyed by vessels and their passengers and crews while therein. They should have accurate knowledge of local mortality and morbidity, and of sanitary conditions which may affect vessels in port. To this end, they shall be furnished with information they request pertaining to sanitary records, harbors and vessels.

ART. 19. The signatory Governments may assign medical or sanitary officers as public health attaches to embassies or legations, and as representatives to international conferences.

ART. 20. If at the port of departure there be no consul or consular agent of the country of destination, the bill of health may be issued by the consul or consular agent of a friendly Government authorized to issue such bill of health.

ART. 21. The bill of health should be issued not to exceed forty eight hours before the departure of the ship to which it is issued. The sanitary visa should not be given more than twenty-four hours before departure.

ART. 22. Any erasure or alteration of a bill of health shall invalidate the document, unless such alteration or erasure shall be made by competent authority, and notation thereof appropriately made.

ART. 23. A clean bill of health is one which shows the complete absence in the port of departure of cholera, yellow fever, plague, typhus fever, or of other pestilential disease in severe epidemic form, liable to be transported by international commerce. Provided, that the presence only of bona fide imported cases of such disease, when properly isolated, shall not compel the issuance of a foul bill of health, but notation of the presence of such cases will be made under the heading of "Remarks" on the bill of health.

ART. 24. A foul bill of health is one which shows the presence of non-imported cases of any of the diseases referred to in Art. 23.

ART. 25. Specific bill of health are not required of vessels which, by reason of accident, storm or other emergency condition, including wireless change of itinerary, are obliged to put into ports other than their original destinations but such vessels shall be required to exhibit such bills of health as they possess.

ART. 26. It shall be the duty of the Pan American Sanitary Bureau to publish appropriate information which may be distributed by port health officers, for the purpose of instructing owners, agents and master of vessels as to the methods which should be put in force by them for the prevention of the international spread of disease.

SEC. 2. Other sanitary documents:

ART. 27. Every vessel carrying a medical officer will maintain a sanitary log which will be kept by him, and he will record therein daily: the sanitary condition of the vessel, and its passengers and crew; a record showing the names of passengers and crew which have been vaccinated by him; name, age, nationality, home address, occupation and nature of illness or injury of all passengers and crew treated during the voyage;

the source and sanitary quality of the drinking water of the vessel, the place where taken on board, and the method in use on board for its purification; sanitary conditions observed in ports visited during the voyage; the measures taken to prevent the ingress and egress of rodents to and from the vessel; the measures which have been taken to protect the passengers and crew against mosquitoes, other insects, and vermin. The sanitary log will be signed by the master and medical officer of the vessel, and will be exhibited upon the request of any sanitary or consular officer. In the absence of a medical officer, the master shall record the above information in the log of the vessel, in so far as possible.

ART. 28. Equal or similar forms for Quarantine Declarations, Certificate of Fumigation, and Certificate of Vaccination, set forth in the appendix, are hereby adopted as standard forms.

CHAPTER IV

CLASSIFICATION OF PORTS

ART. 29. An infected port is one in which any of the following diseases exist, namely, plague, cholera, yellow fever, or other pestilential disease in severe epidemic form.

ART. 30. A suspected port, is a port in which, or in the areas contiguous thereto, a nonimported case or cases of any of the diseases referred to in Art. 23, have occurred within sixty days, or which has not taken adequate measures to protect itself against such diseases, but which is not known to be an infected port.

ART. 31. A clean port, Class A, is one in which the following conditions are fulfilled:

1. The absence of nonimported cases of any of the diseases referred to in Art. 23, in the port itself and in the areas contiguous thereto.

2. (a) The presence of a qualified and adequate health staff.

(b) Adequate means of fumigation.

(c) Adequate personnel and material for the capture or destruction of rodents.

(d) An adequate bacteriological and pathological laboratory;

(e) A safe water supply.

(f) Adequate means for the collection of mortality and morbidity data;

(g) Adequate facilities for the isolation of suspects and the treatment of infectious diseases.

(h) Signatory Governments shall register in the Pan-American Sanitary Bureau those places that comply with these conditions.

ART. 32. A clean port, Class B, is one in which the conditions described in Art. 31, 1 and 2 (a) above, are fulfilled, but in which one or more of the other requirements of Art. 31, 2 are not fulfilled.

ART. 33. An unclassified port is one with regard to which the information concerning the existence or non-existence of any of the diseases referred to in Art. 23, and the measures which are being applied for the control of such diseases, is not sufficient to classify such port.

An unclassified port shall be provisionally considered as a suspected or infected port, as the information available in each case may determine, until definitely classified.

ART. 34. The Pan American Sanitary Bureau shall prepare and publish, at intervals, a tabulation of the most commonly used ports of the Western Hemisphere, giving information as to sanitary conditions.

CHAPTER V

CLASSIFICATION OF VESSELS

ART. 35. A clean vessel is one coming from a clean port, Class A or B, which has had no case of plague, cholera, yellow fever, small pox or typhus aboard during the voyage, and which has complied with the requirements of this code.

ART. 36. An infected or suspected vessel is:

1. One which has had on board during the voyage a case or cases of any of the diseases mentioned in Art. 35.

2. One which is from an infected or suspected port.

3. One which is from a port where plague or yellow fever exists.

4. Any vessel on which there has been mortality among rats.

5. A vessel which has violated any of the provisions of this code.

Provided that the sanitary authorities should give due consideration in applying sanitary measures to a vessel that has not docked.

ART. 37. Any master or owner of any vessel, or any person violating any provisions of this Code or violating any rule or regulation made in accordance with this Code, relating to the inspection of vessels, the entry or departure from any quarantine station, grounds or anchorages, or trespass thereon, or to the prevention of the introduction of contagious or infectious disease into any of the signatory countries, or any master, owner, or agent of a vessel making a false statement relative to the sanitary condition of a vessel, or its contents, or as to the health of any passenger, or person thereon, or who interferes with a quarantine or health officer in the proper discharge of his duty, or fails or refuses to present bills of health, or other sanitary document, or pertinent information to a quarantine or health officer, shall be punished in accordance with the provisions of such laws, rules or regulations, as may be or may have been enacted, or promulgated, in accordance with the provisions of this Code, by the Government of the country within whose jurisdiction the offense is committed.

CHAPTER VI

THE TREATMENT OF VESSELS

ART. 38. Clean vessels will be granted pratique by the port health authority upon acceptable evidence that they properly fulfill the requirements of Art. 35.

ART. 39. Suspected vessels will be subjected to necessary sanitary measures to determine their actual condition.

ART. 40. Vessels infected with any of the disease referred to in Art. 23 shall be subjected to such sanitary measures as will prevent the continuance thereon, and the spread therefrom, of any of said diseases to other vessels or ports. The disinfection of cargo, stores, and personal effects shall be limited to the destruction of the vectors of disease which may be contained therein, provided that things which have been freshly soiled with human excretions capable of transmitting disease, shall always be disinfected. Vessels on which there is undue prevalence of rats, mosquitoes, lice, or any other potential vector of communicable disease, may be disinfected irrespective of the classification of the vessel.

ART. 41. Vessels infected with plague shall be subjected to the following treatment:

1. The vessel shall be held for observation and necessary treatment.

2. The sick, if any, shall be removed and placed under appropriate treatment in isolation.

3. The vessel shall be simultaneously fumigated throughout for the destruction of rats. In order to render fumigation more effective, cargo may be wholly or partially discharged prior to such fumigation, but care will be taken to discharge no cargo which might harbor rats,[1] except for fumigation.

4. All rats recovered after fumigation should be examined bacteriologically.

5. Healthy contacts, except those actually exposed to cases of pneumonia plague, will not be detained in quarantine.

6. The vessel will not be granted pratique until it is reasonably certain that it is free from rats and vermin.

ART. 42. Vessels infected with cholera shall be subjected to the following treatment:

1. The vessels shall be held for observation and necessary treatment.

2. The sick, if any, shall be removed and placed under appropriate treatment in isolation.

3. All persons on board shall be subjected to bacteriological examination, and shall not be admitted to entry until demonstrated free from cholera vibrios.

4. Appropriate disinfection shall be performed.

ART. 43. Vessels infected with yellow fever shall be subjected to the following treatment.

1. The vessel shall be held for observation and necessary treatment.

2. The sick, if any, shall be removed and placed under appropriate treatment in isolation from Aedes aegypti mosquitoes.

3. All persons on board non immune to yellow fever shall be placed under observation to complete six days from the last possible exposure to Aedes aegypti mosquitoes.

4. The vessel shall be freed from Aedes aegypti mosquitoes.

ART. 44. Vessels infected with small pox shall be subjected to the following treatment.

1. The vessels shall be held for observation and necessary treatment.

[1] Explanatory Footnote.—The nature of the goods or merchandise likely to harbor rats (plague suspicious cargo), shall, for purpose of this section, be deemed to be the following, namely; rice or other grain exclusive of flour); oilcake in sacks, beans in mats or sacks; goods packed in crates with straw or similar packing material; matting in bundles; dried vegetables in baskets or cases; dried and salted fish; peanuts in sacks; dry ginger; curios, etc., in fragile cases, copra, loose hemp in bundles; coiled rope in sacking kapok, maize in bags, sea grass in bales; tiles, large pipes and similar articles; and bamboo poles in bundles.

2. The sick, if any, shall be removed and placed under appropriate treatment in isolation.

3. All persons on board shall be vaccinated. As an option the passenger may elect to undergo isolation to complete fourteen days from the last possible exposure to the disease.

4. All living quarters of the vessels shall be rendered mechanically clean, and used clothing and bedding of the patient disinfected.

ART. 45. Vessels infected with typhus shall be subjected to the following treatment.

1. The vessel shall be held for observation and necessary treatment.

2. The sick, if any, shall be removed and placed under appropriate treatment in isolation from lice.

3. All persons on board and their personal effects shall be deloused.

4. All persons on board who have been exposed to the infection shall be placed under observation to complete twelve days from the last possible exposure to the infection.

5. The vessel shall be deloused.

ART. 46. The time of detention of vessels for inspection or treatment shall be the least consistent with public safety and scientific knowledge. It is the duty of port health officers to facilitate the speedy movement of vessels to the utmost compatible with the foregoing.

ART. 47. The power and authority of quarantine will not be utilized for financial gain, and no charges for quarantine services will exceed actual cost plus a reasonable surcharge for administrative expenses and fluctuations in the market prices of materials used.

CHAPTER VII

FUMIGATION STANDARDS

ART. 48. Sulphur dioxide, hydrocyanic acid and cyanogen chloride gas mixture shall be considered as standard fumigants when used in accordance with the table set forth in the appendix, as regards hours of exposure and of quantities of fumigants per 1,000 cubic feet.

ART. 49. Fumigation of ships to be most effective should be performed periodically and preferable at six months intervals, and should include the entire vessel and its lifeboats. The vessel should be free of cargo.

ART. 50. Before the liberation of hydrogen cyanide or cyanogen chloride, all personnel of the vessel will be removed, and care will be observed that all compartments are rendered as nearly gas tight as possible.

CHAPTER VIII

MEDICAL OFFICERS OF VESSELS

ART. 51. In order to better protect the health of travelers by sea, to aid in the prevention of the international spread of disease and to facilitate the movement of international commerce and communication, the signatory Governments are authorized in their discretion to license physicians employed on vessels.

ART. 52. It is recommended that license not issue unless the applicant therefor is a graduate in medicine from a duly chartered and recognized school of medicine, is the holder of an unrepealed license to practice medicine, and has successfully passed an examination as to his moral and mental fitness to be the surgeon or medical officer of a vessel. Said examination shall be set by the directing head of the national health service, and shall require of the applicant a competent knowledge of medicine and surgery. Said directing head of the national health service may issue a license to an applicant who successfully passes the examination, and may revoke said license upon conviction of malpractice, unprofessional conduct, offenses involving moral turpitude or infraction of any of the sanitary laws or regulations of any of the signatory Governments based upon the provisions of this code.

ART. 53. When duly licensed as aforesaid, said surgeons or medical officers of vessels may be utilized in aid of inspection as defined in this code.

CHAPTER IX

THE PAN AMERICAN SANITARY BUREAU

Functions and Duties

ART. 54. The organization, functions and duties of the Pan American Sanitary Bureau shall include those heretofore determined for the International Sanitary Bureau by the various International Sanitary and other Conferences of American Republics, and such additional administrative functions and duties as may be hereafter determined by Pan American Sanitary Conferences.

ART. 55. The Pan American Sanitary Bureau shall be the central coordinating sanitary agency of the various member Republics of the Pan American Union, and the general collection and distribution center of sanitary information to and from said Republic. For this purpose it shall, from time to time, designate representatives to visit and confer with the sanitary authorities of the various signatory Governments on public health matters, and such representatives shall be given all available sanitary information in the countries visited by them in the course of their official visits and conferences.

ART. 56. In addition, the Pan American Sanitary Bureau shall perform the following specific functions:

To supply to the sanitary authorities of the signatory Governments through its publications, or in other appropriate manner, all available information relative to the actual status of the communicable diseases of man, new invasions of such diseases, the sanitary measures undertaken, and the progress effected in the control or eradication of such diseases; new methods for combating disease; morbidity and mortality statistics; public health organization and administration; progress in any of the branches of preventive medicine, and other pertinent information relative to sanitation and public health in any of its phases, including a bibliography of books and periodicals on public hygiene.

In order to more efficiently discharge its functions, it may undertake cooperative epidemiological and other studies; may employ at headquarters and elsewhere, experts for this purpose; may stimulate and facilitate scientific researches and the practical application of the results therefrom; and may accept gifts, benefactions and bequest, which shall be accounted for in the manner now provided for the maintenance funds of the Bureau.

ART. 57. The Pan American Sanitary Bureau shall advise and consult with the sanitary authorities of the various signatory Governments relative to public health problems, and the manner of interpreting and applying the provisions of this Code.

ART. 58. Officials of the National Health Services may be designated as representatives, ex-officio, of the Pan American Sanitary Bureau, in addition to their regular duties, and when so designated they may be empowered to act as sanitary representatives of one or more of the signatory Governments when properly designated and accredited to so serve.

ART. 59. Upon request of the sanitary authorities of any of the signatory Governments, the Pan American Sanitary Bureau is authorized to take the necessary preparatory steps to bring about an exchange of professors, medical and health officers, experts or advisers in public health of any of the sanitary sciences, for the purpose of mutual aid and advancement in the protection of the public health of the signatory Governments.

ART. 60. For the purpose of discharging the functions and duties imposed upon the Pan American Sanitary Bureau, a fund of not less than $50,000 shall be collected by the Pan American Union, apportioned among the signatory Governments on the same basis as are the expenses of the Pan American Union.

CHAPTER X

AIRCRAFT

ART. 61. The provisions of this Convention shall apply to aircraft, and the signatory Governments agree to designate landing places for aircraft which shall have the same status as quarantine anchorages.

CHAPTER XI

SANITARY CONVENTION OF WASHINGTON

ART. 62. The provisions of Articles 5, 6, 13, 14, 15, 16 17, 18, 25, 30, 32, 33, 34, 37, 38, 39, 40, 41, 42, 43, 44, 45, 49, and 50, of the Pan American Sanitary Convention concluded in Washington on October 14, 1905, are hereby continued in full force and effect, except in so far as they may be in conflict with the provisions of this Convention.

CHAPTER XII

Be it understood that this Code does not in any way abrogate or impair the validity or force of any existing treaty convention or agreement between any of the signatory governments and any other government.

CHAPTER XIII

TRANSITORY DISPOSITION

ART. 63. The Governments which may not have signed the present Convention are to be admitted to adherence thereto upon demand, notice of this adherence to be given through diplomatic channels to the Government of the Republic of Cuba.

Made and signed in the city of Havana, on the fourteenth day of the month of November, 1924, in two copies, in English and Spanish, respectively, which shall be deposited with the Department of Foreign Relations of the Republic of Cuba, in order that certified copies thereof, in both English and Spanish,

may be made for transmission through diplomatic channels to each of the signatory Governments.

By the Republic of Argentine:
GREGORIO ARAOZ ALFARO.
JOAQUIN LLAMBIAS.

By the United States of Brazil:
NASCIMENTO GURGEL.
RAUL ALMEIDA MAGALHAES.

By the Republic of Chile:
CARLOS GRAF.

By the Republic of Colombia:
R. GUTIERREZ LEE.

By the Republic of Costa Rica:
JOSE VARELA ZEQUEIRA.

By the Republic of Cuba:
MARIO G. LEBREDO.
JOSE A. LOPEZ DEL VALLE.
HUGO ROBERTS.
DIEGO TAMAYO.
FRANCISCO M. FERNANDEZ.
DOMINGO F. RAMOS.

By the Republic of El Salvador:
LEOPOLDO PAZ.

By the United States of America:
HUGH S. CUMMING.
RICHARD CREEL.
P. D. CRONIN.

By the Republic of Guatemala:
JOSE DE CUBAS Y SERRATE.

By the Republic of Haiti:
CHARLES MATHON.

By the Republic of Honduras:
ARISTIDES AGRAMONTE.

By the Republic of Mexico:
ALFONSO PRUNEDA.

By the Republic of Panama:
JAIME DE LA GUARDIA.

By the Republic of Paraguay:
ANDRES GUBETICH.

By the Republic of Peru:
CARLOS E. PAZ SOLDAN.

By the Dominican Republic:
R. PEREZ CABRAL.

By the Republic of Uruguay:
JUSTO F. GONZALEZ.

By the United States of Venezuela:
ENRIQUE TEJERA.
ANTONIO SMITH.

APPENDIX

TABLE I.—*Quantities per 1,000 cubic feet*

Chemicals	Sulphur dioxide				Hydrocyanic acid				Cyanogen chloride mixture			
	Mosquitoes	Rats	Lice	Bedbugs	Mosquitoes	Rats	Lice	Bedbugs	Mosquitoes	Rats	Lice	Bedbugs
	Lbs.	*Lbs.*	*Lbs.*	*Lbs.*	*Oz.*	*Oz.*	*Oz.*	*Oz.*	*Oz.*	*Oz.*	*Oz.*	*Oz.*
Sulphur	2	3	4	3								
Sodium cyanide					½	5	10	5	½	4	8	4
Sulphuric acid					½	5	10	5				
Sodium chlorate									¼	2	4	2
Hydrochloric acid									2⅛	17	34	17
Water					1¼	12½	25	12½	2⅛	17	34	17

TABLE II.—*Hours of exposure*

	Hours
Sulphur dioxide:	
Mosquitoes	1
Rats	6
Lice	6
Bedbugs	6
Hydrocyanic acid:	
Mosquitoes	½
Rats	2
Lice	2
Bedbugs	2
Cyanogen chloride mixture:	
Mosquitoes	½
Rats	1½
Lice	1½
Bedbugs	1½

Serial no. _____

_____ Health Service

_____ Quarantine Station _____

CERTIFICATE OF VACCINATION AGAINST SMALLPOX

Name _____ Sex _____
Age _____ Date of Vaccination _____
Height _____ Date of Reaction _____
Result:
Immune Reaction
Vaccinoid
Successful Vaccination

_____ *Signed* _____
(Signature) *Medical Officer in Charge.*
_____ Health Service

CERTIFICATE OF DISCHARGE FROM NATIONAL QUARANTINE

_____ Quarantine Station
Port of _____
_____, 192

I certify that the _____ of _____, from _____ bound for _____, has in all respects complied with the quarantine regulations prescribed under the authority of the laws of _____ (Country), and the Pan American Sanitary Code, and that the vessel, cargo, crew, and passengers are, to the best of my knowledge and belief, free from quarantinable diseases or danger of conveying the same. Said vessel is this day granted { free / provisional } pratique.

1. Rat guards of an accepted design to be placed on all lines leading from the vessels.
2. Gangways to be raised at night, or lighted and watched.
3. Vessels to be fumigated after discharge of cargo.

_____
Quarantine Officer
_____ Health Service

CERTIFICATE OF FUMIGATION

(Not to be taken up by port authorities)
Port of _____
_____, 192

This is to certify that the _____ from _____ has been fumigated at this station for the destruction of _____, as follows:

	Cubic Capacity	Kilos or Pounds Sulphur	Grams or Ounces Cyanide	Grams or Ounces Cyanide and Sodium Chlorate	
Holds 1					Date
2					Duration of exposure
3					
4					Evidence of rats before fumigation
5					
Engine-room & shaft alley.					Rats after fumigation: living,
Bunkers					dead
Forepeak					
Forecastle					Inspection made by
Steerage					
Dining saloon (1st cabin).					Opened by
Pantry (1st cabin)					Dunnage or other protection to rats; how treated prior to fumigation
Galley					
Second Cabin					
Second Cabin Pantry.					
Provision storeroom.					
Living quarters					
Staterooms					
Smoking room					
Total					

_____
Quarantine Officer

On the reverse side make a report of all compartments which were not fumigated, why they were not, and give treatment. Also report any other pertinent information.

QUARANTINE DECLARATION

_____ Quarantine Station
_____, 192

Name of vessel _____; destination _____; nationality _____; rig _____; tonnage _____; date of arrival _____; port of departure _____; intermediate ports _____; days from port of departure _____; days from last port _____; previous ports of departure and call _____; officers and crew _____; cabin passengers _____; steerage passengers _____; total number of persons on board _____; cargo _____; ballast (tons) _____; character of _____; source _____. If water ballast, were tanks filled at the port of departure or at sea? _____ In ports of departure and call, did vessel lie at wharf or at moorings

in harbor or roadstead?_____. If vessel lay at moorings, how far from shore?_____
Was there communication with the shore?_____. What changes in the personnel of the crew, if any?_____
_____
Sickness, cases of, in port of departure. No._____; result_____
in intermediate ports. No._____; result_____
at sea. No._____; result_____
Were the sick sent to hospital or allowed to remain on board?_____
Was the bedding and clothing of those sick at sea frequently aired and washed?_____
Do you know of any circumstances affecting the health of the crew, or which renders the ship dangerous to the health of any part of_____
_____. If so, state them_____
(Country)
_____

I certify that the foregoing statements, and the answers to the questions, are true to the best of my knowledge and belief.

*Master*_____
*Ship's Surgeon*_____
*Vessel*_____

Treatment of vessel_____;
(Inspected and passed or detained)
disinfection of hold_____; cabin and forecastle_____;
(Method) (Method)
bedding, clothing, etc_____
(Method)
Detained_____days; sickness in quarantine_____;
(Number of cases and nature)
discharged in free pratique_____. Port named in certificate of discharge_____.

_____
_____
Quarantine Officer.

INTERNATIONAL STANDARD FORM BILL OF HEALTH

INFORMATION CONCERNING THE VESSEL

I _____ (Official title) _____
(The person authorized to issue the bill, at the port of _____)
do hereby state that the vessel hereinafter named clears (or leaves) from the port of _____ under the following circumstances: Name of vessel _____; nationality _____
Master _____; tonnage, gross _____; net _____. Name of medical officer _____
Number of officers_____; of crew, including petty officers_____; officers' families _____. Passengers destined for _____
(Country of destination)
Embarking at this port _____. First cabin _____; second cabin _____; steerage _____. Total number of passengers on board _____.
Ports visited within preceding four months _____
_____
_____
_____
Location of vessel while in port—wharf_____; open bay _____; distance from shore _____
If any passengers or members of crew disembarked on account of sickness, state disease _____
Time vessel was in port (date and hour of arrival) _____;
(date and hour of departure) _____
Character of communication with shore _____
Sanitary condition of vessel_____
Sanitary measures, if any, adopted while in port _____
Date of last fumigation for the destruction of rodents _____
Number of rodents obtained _____
Port where fumigated _____ and officials supervising the fumigation _____
Method of fumigation used (for rodents) _____;
(for mosquitoes)_____

INFORMATION CONCERNING THE PORT

Sanitary conditions of port and vicinity _____
Prevailing diseases at port and vicinity _____
Number of cases and deaths from the following-named diseases during the two weeks ending _____

Diseases	Number of cases [1]	Number of deaths [1]	REMARKS (Any conditions affecting the public health existing in the port or vicinity, to be here stated)
Yellow fever			
Asiatic cholera			
Cholera nostras or cholerine			
Smallpox			
Typhus fever			
Plague			
Leprosy			

[1] When there are no cases or deaths, entry to that effect must be made.

Health Office of the Port of_____. (When practicable this certificate should be signed by the Health Officer of the Port)
Date of last case of:
Cholera _____
Yellow Fever _____
Human Plague_____
Typhus _____
Rodent Plague _____
Measures, if any, imposed by the municipality against rats during the last six months_____
_____
Signature of Port Health Officer.

*I certify that the vessel has complied with the rules and regulations made under the terms of the Pan American Sanitary Code, and with the laws and regulations of the country of destination. The vessel leaves this port bound for*_____, *via* _____

Given under my hand and seal this_____day of_____, 192____.
(Signature of consular officer)_____
_____
[SEAL.]
Countersigned by
_____
Medical Officer

RECESS

The Senate (at 6 o'clock and 5 minutes p. m.), under the order previously entered, took a recess until 8 o'clock p. m.

EVENING SESSION

The Senate reassembled at 8 o'clock p. m., on the expiration of the recess.

CLAIMS OF ASSINIBOINE INDIANS—CONFEREES

The PRESIDENT pro tempore appointed Mr. KENDRICK a conferee on the bill (H. R. 7687) conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and enter judgment in any claims which the Assiniboine Indians may have against the United States, and for other purposes, in the place of Mr. ASHURST, resigned.

CHILD LABOR—AMENDMENTS OF THE CONSTITUTION

Mr. NEELY. Mr. President, in behalf of the senior Senator from Oklahoma [Mr. OWEN], who is necessarily absent this evening, I beg leave to ask unanimous consent to have printed in the RECORD a bulletin of the National Popular Government League entitled "American Principles and the Wadsworth Amendment."

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the matter will be printed in the RECORD as requested.

The matter referred to is as follows:

NATIONAL POPULAR GOVERNMENT LEAGUE,
Washington, D. C., February 20, 1925.

(Bulletin No. 99, by Judson King, director. Calendar 702)

AMERICAN PRINCIPLES AND THE WADSWORTH AMENDMENT (S. J. Res. 109)

To put it mildly, when we compare their opinions on the amending clause of the Federal Constitution, Chief Justice John Marshall was a reckless radical as against United States Senator WADSWORTH; and Patrick Henry was a left-wing Bolshevist.

Senator WADSWORTH is leading one of the most subtle but astounding assaults on American principles of Government this generation has yet seen. It is an assault so astutely managed and powerfully supported that it may well be accomplished as far as Congress is concerned by the time this bulletin reaches its readers. In justification of these statements, your attention is invited to the following considerations.

WHY IMPOSSIBLE?

Four years before the war, in 1911, Dr. Frank J. Goodnow, now president of Johns Hopkins University, a conservative constitutional lawyer and political scientist of international standing, whom even Senator WADSWORTH would not contend is a radical, wrote a notable book entitled "Social Reform and the Constitution." Its thesis is disclosed by the first sentence:

> "The tremendous change in political and social conditions due to the adoption of improved means of transportation and to establishment of the factory system have brought with them problems whose solution seems to be impossible under the principles of law which were regarded as both axiomatic and permanently enduring at the end of the eighteenth century."

Doctor Goodnow's contentions are not based upon guesswork. Over 700 legal decisions are cited as illustrations in substantiating the fact

that the lives, welfare, and happiness of countless thousands of the American people are now being put in jeopardy in this twentieth century for the reason above set forth.

Anticipating the rejoinder that those who do not like the decisions of the courts should change the Constitution, he says:

> "Inasmuch, therefore, as the Constitution of the United States is, on account of the complicated procedure and the large majorities required, very difficult, if not impossible, of amendment under ordinary conditions, it must be confessed that Americans are in many respects living under a political system which has been framed upon the theory that society is static rather than dynamic." (P. 4.)

The whole purpose of the book proves the danger and inhumanity of permitting such a situation to continue. In fact, the conflict is eighteenth century legalism versus twentieth century life; shall the dead unwittingly rule the living?

The present struggle over the adoption of the pending child labor amendment is a striking example of the soundness of Doctor Goodnow's contention and warning. It became necessary as a matter of national welfare for the Federal Government to enact a law for the protection of children. That law was declared unconstitutional by a 5 to 4 decision of the United States Supreme Court, which decision was but another confirmation of Doctor Goodnow's statement in this same book that—

THE SUPREME COURT LEGISLATES

> "The Supreme Court of the United States has become a political body of the supremest importance, for upon its determination depends the ability of the National Legislature to exercise powers whose exercise is believed by many to be absolutely necessary to our existence as a democratic Republic."

That law had been enacted after a struggle of many years by a movement led by the national child labor committee, whose sponsors were such men as William Howard Taft, now Chief Justice of the United States Supreme Court, and if ever there was a law that tended to justify our aspirations toward a Christian civilization that was one.

After another long struggle the Congress was induced to submit an amendment to the Federal Constitution, enabling it to deal with the child-labor evil. That amendment is now pending, and the men and women who represent the progressive mind and conscience of the Nation are awakening to the truth that the Federal Constitution is practically unamendable with any degree of celerity "under ordinary conditions," in the face of any highly organized and well-financed opposition to which the political power makes obeisance.

GENTLEMEN OF THE CONGRESS, WHY SO SUDDEN

In the midst of the struggle in the various States over the adoption of this amendment the conservative elements in both Houses of Congress and in both Republican and Democratic Parties, at this short term of Congress, suddenly, without apparent reason, became interested in Article V of the Federal Constitution; that is, the amendment clause.

A resolution introduced in the Senate by JAMES W. WADSWORTH, Republican, of New York, and in the House by FINIS J. GARRETT, Democrat, of Tennessee, is by special rule placed upon the calendar for passage at this session. This, mind you, when the calendar is overcrowded with measures of vast and immediate importance to the economic and industrial life of the Nation. Also, mind you, after amendments on the same question, introduced in every session for the past 10 years by such men as Senators CUMMINS, OWEN, LA FOLLETTE, Congressman CHANDLER, and others, had been completely ignored.

CHILD LABOR—AND MORE BEYOND

Friends of the child labor amendment charge that this railroading process was evoked to throw a red herring across the pathway of the pending child labor amendment, because if adopted and made a part of the Federal Constitution consideration of the pending child labor amendment must cease. Whether intentional or not, that result is sure to follow. I suspect, however, in addition, a far deeper purpose, since the child labor amendment is only one of a score of similar problems which can not be finally acted upon by Congress without changing the Federal Constitution.

It is fair to note that the Wadsworth-Garrett amendment was first introduced in April of 1921. It is significant that it had the active backing of the American Constitutional League, the Sentinels of the Republic, the Constitutional Liberty League, the Massachusetts Public Interest League, not one of which has ever been known to support a truly progressive or democratic measure. As a captivating slogan they dubbed this proposal, "The second bill of rights of back-to-the-people amendment," a bit of humor at which they themselves must also necessarily laugh as coming from themselves.

THE WADSWORTH PROPOSAL A STEP BACKWARD

For the convenience of our members I reproduce on an appended sheet both the Wadsworth resolution of this session and Article V of the Federal Constitution which it seeks to change. It will be quickly noted that the restrictive features of the old Constitution which have made amendment so difficult, and about which progressive thinkers and statesmen have always protested, are retained by WADSWORTH, namely, a two-thirds vote of each House of Congress to submit, and three-fourths of all the States to adopt. The convention system, which has never been used, is retained. The State legislatures are deprived of their power to act on Federal amendments.

The alleged progressive feature that is new and on which the slogan of "Back to the people" is based is contained in the provision that proposed amendments may be ratified or rejected "through the direct vote of their people at elections to be held under the authority of the respective States." This, it is held, provides for the "referendum" and should insure the support of progressives.

A FRAUDULENT "REFERENDUM"

I trust no progressive has been or will be deceived by this camouflage, because the vital principle of a true referendum is carefully omitted; that is, the people have no power by petition to force a vote. Neither is the referendum made mandatory; it all hinges upon the pleasure of the State legislatures, which, of course, would have power to require, say, a two-thirds majority for adoption, or impose other restrictions of a like destructive character. Those acquainted with the efforts of State legislatures to hamstring the "initiative and referendum" in the States where they now obtain can safely predict exactly what would happen in this case. So that simple candor requires us to condemn this so-called referendum feature as merely a patent fraud, as one might expect from "Greeks bearing gifts."

The provision that all educational agitation for the adoption of a proposed amendment is to cease when 14 States have rejected it, is such a manifest determination on the part of Senator WADSWORTH to copper-rivet and steel-jacket for all time to come the minority rule now existing as to need no further comment; it carries its own rebuttal.

NO PUBLICITY PROVIDED FOR

An intelligent advocate of the referendum in these days knows that adequate official publicity is absolutely necessary if the people are to vote intelligently upon questions submitted to them. Newspapers can not be depended upon to furnish unbiased information on both sides. For example, in Massachusetts thousands of voters were in absolute ignorance of the plain facts regarding the child labor amendment, because of the flood of falsehoods circulated by the highly financed propaganda of the manufacturers' association and others, to which even respected clergymen and college professors loaned their names.

To meet this difficulty Ohio, Oregon, California, and other States issue a publicity pamphlet, mailed direct to the voters, containing the official texts of proposed measures and with arguments for and against the same, as may be submitted by the proponents and opponents of the measures. Senator OWEN'S proposed change in the amending clause, to be noted later, has always provided for a similar pamphlet by the United States Government, so that the people could have opportunity of knowing the facts and by them being able to form their opinions.

Senator WADSWORTH'S proposal has no such provision. Whether such provision was prepared to place in the Federal Constitution in past years is beside the question. It is absolutely essential now, and it may be safely predicted that Senator WADSWORTH and his backers would fight such a proposition to the death, because they want a "referendum" they can control!

AMENDING PROCESS HISTORICALLY CONSIDERED

Leaving now the specific terms of Senator WADSWORTH'S proposal, let us examine in the light of American history and opinion, especially recent history and opinion, this whole question of the amending process.

Without any disrespect it is safe to say that there are not more than 20 men in the National Congress who have given more than the most cursory attention to Article V or who have any conception of the vital importance of the issue here raised. There is no time for them to study it now; and if a vote is taken on the Wadsworth amendment, it will be a blind vote, not based on intelligence, but given in obedience to the economic forces that control a majority of the two great political parties. These economic forces know exactly what they want and think this is an opportune time to get it. The politicians, however, are not to be expected to be awake on this question when the people are not, and the whole situation reflects the general indifference and ignorance of the mass of the American people as to the real underlying structure of their Government and how it actually operates.

Millions of good men and women to whom the necessity, for example, of regulating child labor is such an obviously humane question, over which there should be no argument in a Christian country, must not only be shocked at the callousness and duplicity shown by the financial and industrial masters in opposing the reform, but must be surprised and puzzled that the machinery of our Government is found to be so constructed as so easily to work against them. It ought to raise in their minds the questions:

Where did the power come from which enabled a five to four decision of nine judges to overturn an act of Congress regulating child labor?

Why is it that the Constitution was made so difficult to change, even in the case of obvious necessity?

What does it signify that a still more difficult method of amendment is now being attempted?

The issue runs far deeper than child labor, and those who follow the lead must be prepared to have their theoretical belief in Abraham Lincoln's kind of government tested to the utmost.

THE WORDS OF MEN WHO KNOW

Illuminating information is not difficult to find. Some of our most noted statesmen, jurists, thinkers, and publicists have spoken very plainly on this matter and have warned their own generation and those to come upon the peril of leaving the amending process as it is.

Patrick Henry, in the Virginia Convention, held to ratify the Constitution, pointed out the danger to free government from Article V. He said in part:

> "When I come to contemplate this part I suppose that I am mad or that my countrymen are so. The way to amendment is, in my conception, shut * * *. Two-thirds of Congress or of the State legislatures are necessary even to propose amendments. If one-third of these be unworthy men, they may prevent the application for amendments; but what is destructive and mischievous is that three-fourths of the State legislatures, or of the State conventions, must concur in the amendments when proposed. * * * A bare majority in these four small States may hinder the adoption of amendments, so that we may fairly and justly conclude that one-tenth part of the American people may prevent the removal of the most grievous inconveniences and oppression by refusing to accede to amendments. * * * Is this an easy mode of securing the public liberty? It is, sir, a most fearful situation, when the most contemptible minority can prevent the alteration of the most oppressive government, for it may, in many respects, prove to be such."

NONE FOR A CENTURY

Patrick Henry's prediction has been tragically fulfilled. The first 10, or even 12, amendments may properly be considered as a part of the original Constitution. In the century following not a single amendment succeeded in passing the two-thirds—three-fourths—hurdles in normal fashion. Three were adopted as a result of the Civil War. It is the deliberate opinion of United States Senator OWEN, a Virginian by birth, that the Civil War would never have occurred had the people had the power and been accustomed to amending their fundamental law by popular vote.

Since 1912 four amendments have been added. Here again prohibition and woman suffrage were aided by war conditions. The income tax and direct election of Senators were normal of adoption, but they arrived two generations at least after a vast majority of the American people were ready for them. What is more, any person who carelessly thinks any of these four were easily secured is in total ignorance of the vast amount of time, energy, and money expended by the American people to secure them.

"UNWIELDY AND CUMBROUS"—MARSHALL

Chief Justice Marshall, whose opinions on the Federal Constitution are usually regarded as safe and sane, speaks thus of Article V, after watching its operation for a third of a century:

> "The unwieldy and cumbrous machinery of procuring a recommendation from two-thirds of Congress and the assent of three-fourths of their sister States could never have occurred to any human being as a mode of doing that which might be effected by the State itself." (1833—U. S. Sup. Ct. Rpts.; 8 Law Ed. 672.)

MODERN SCHOLARSHIP PROTESTS

By the end of the last century the portent of an inflexible Federal Constitution began to engage the attention of serious scholars and writers. State constitutions had constantly been revised and amended to meet living, changing needs. The Federal Constitution remained fixed. State welfare legislation was blocked by the terms of the Federal Constitution as interpreted by the courts. It was seen that we were rapidly approaching an impasse.

PROF. J. ALLEN SMITH

Prof. J. Allen Smith, dean of the department of political science of the University of Washington, published in 1907 "The Spirit of American Government; A Study of the Constitution, Its Origin, Influence, and Relation to Democracy." It was one of a series edited by Dr. Richard T. Ely. I strongly advise all men and women concerned over the child-labor issue, the Wadsworth amendment, and kindred questions to procure and read this book. (Macmillan Co. New York, publishers.) So important did Doctor Smith regard the amending process that he devotes a whole chapter to the consideration of the famous Article V. I quote an excerpt. After pointing out Patrick Henry's disclosure that one-tenth of the then population could block the adoption of a needed amendment, Doctor Smith says:

> "That such a small minority should have the power under our constitutional arrangements to prevent reform can hardly be reconciled with the general belief that in this country the majority rules. Yet, small as was this minority when the Constitution was adopted, it is much smaller now than it was then. In 1900 one forty-fourth of the population, distributed so as to constitute a majority in the 12 smallest States, could defeat any proposed amendment."

Doctor Smith also quotes the noted authority, Prof. John W. Burgess, who, in his "Political Science and Constitutional Law" (vol. 1, p. 151), states, after saying that changes in an organic law should be deliberate:

> "It is equally true that development is as much a law of State life as existence. When in a democratic political society the deliberately formed will of the undoubted majority can be successfully thwarted in the amendment of its organic law by the will of a minority, there is just as much danger to the State from revolution and violence as there is from the caprice of the majority."

PROF. CHARLES A. BEARD

"An Economic Interpretation of the Constitution of the United States," by Prof. Charles A. Beard, politics, Columbia University, published by Macmillan & Co., is another work which no one seeking light on these issues can afford to overlook. Without doubt it is the most important original contribution to the literature of the genesis and purpose of the Constitution that has appeared since the publication of Madison's Journals. Also he deals with the amending problem in the recent fourth edition of his able work, "American Government and Politics" (Macmillan).

DR. CHARLES M'CARTHY

The late Dr. Charles McCarthy, founder of the famous Legislative Reference Library of Wisconsin, which has been copied by so many other States, was fully awake to the importance of the issue here discussed. Doctor McCarthy was a man of commanding ability and wide experience in drafting legislation. So able was he that President Taft urged him to come to Washington to become the head of a similar bureau for the National Congress, but he declined. Here is his opinion, written in 1913, on our proposed method of liberalizing the amending process of the Constitution:

> "I think the gateway amendment is the greatest issue before the American people; they need to be educated upon the necessity of this great amendment. Without it we can never realize complete liberty or the true purposes of the Constitution itself. Without it we are in constant danger of having the guaranties which have come down to us even from Magna Charta construed by hostile forces and not by the will of the people."

HERBERT QUICK

The term "gateway amendment" was coined by Herbert Quick, the distinguished editor and novelist, as a popular term to characterize the needed changes in Article V, which would enable the American people more rapidly to alter their fundamental law and accomplish their will. No man in the Nation appreciates more keenly the need for this change than this distinguished writer, nor has written and spoken more lucidly in its favor.

DR. W. F. DODD

Formerly of Chicago University, later in charge of the Legislative Reference Library of Illinois, where he did most valuable work, especially during the régime of Governor Lowden, is another practical scholar who sees the importance of this issue. In an article, "Social legislation and the courts," published in the Political Science Quarterly for March, 1913, he takes issue with the idea that the Rooseveltian scheme for the recall of judicial decisions would accomplish much, for the reason that in State and National legislation the "due process" clause of the Federal Constitution, as interpreted by the courts, stands in the way of needed legislation, and that this can not be remedied without a Federal amendment, which it is practically impossible to secure with the present difficult process of amendment standing in the way.

Doctor Dodd is also the author of an important work, "The Revision and Amendment of State Constitutions" (published by the Johns Hopkins University Press). Two of its most important conclusions are: (1) That there has been a pronounced and steady increase of popular control over State constitutions; (2) that along with this the amending process has been more simplified, so that changes could be made more easily and promptly (p. 129). That is, in the States the "stable" idea is disappearing; the "flexible" idea is succeeding it as a matter of practical necessity, and this movement is bound soon to reflect itself in the Federal Constitution.

Dr. David J. Thompson, law librarian of Columbia University, later law librarian of Congress, in 1912 presented a paper to the American Academy of Political Science, New York, entitled "The Amendment of the Federal Constitution," giving a remarkably clear, succinct, and

accurate account of the history and effect of the existing difficult method. In concluding he quotes with approval the words of Prof. Monroe Smith (for long professor of law and jurisprudence in Columbia University), which are contained in an article in the North American Review for November, 1911. In answer to the question of his article, "Shall we make our Constitution flexible?" Professor Smith says:

> "The first article in any sincerely intended progressive program must be the amending of the amending clause of the Federal Constitution."

Such quotations from such conservative authorities could easily be extended.

It remains to be noted that progressive and even conservative statesmen who have given attention to the question have arrived at the same conclusion and attempted to carry their ideas into effect.

SENATOR CUMMINS FOR A FEDERAL "INITIATIVE"

The position of Senator ALBERT B. CUMMINS, of Iowa, now the presiding officer of the United States Senate, was set forth in a resolution introduced by him on April 24, 1913, in which, in addition to the present method, he proposed to apply the principle of initiative and referendum to the Federal Constitution; also that amendments could be proposed by the legislatures of 16 States. He also provided for a direct vote of the people upon proposed amendments. Senator CUMMINS went further; he pressed the issue until he got a report from the Judiciary Committee to the Senate itself on his proposal. In this report, speaking for himself he said:

> "Aside from the provision for a constitutional convention, which is practically of no avail, amendments to the Constitution must be initiated by Congress by a two-thirds vote of each House. No matter how generally the people desire a change in their organic law, they are powerless unless Congress, burdened as it is with a load of legislation and hampered with its variety of interests, has the inclination to adopt the resolution necessary for the submission of the proposed amendment. A constitution ought to be the direct declaration of the people rather than the declaration of a legislative body representing the people. A constitution controls legislation, and it seems illogical to subject it to the judgment of the legislature it is to govern. The people should be able to initiate amendments to State constitutions which are limitations upon power, and much more should they be able to initiate amendments to the Federal Constitution, which is a grant of power."

WALSH AND BORAH

Senator ASHURST supported Senator CUMMINS. Senators WALSH of Montana and BORAH of Idaho signed a statement that they were—

> "In favor of an amendment to the Constitution permitting it to be amended on conditions much less onerous than those imposed by the convention of 1787, and accordingly join in opposing the report of the committee."

A majority of the committee was, of course, opposed to Senator CUMMINS's proposal, but even Senators Nelson, of Minnesota, and OVERMAN, of North Carolina, assented to the proposal that the legislatures of 16 States should have the power to propose new amendments.

Liberalizing amendments were also introduced at this period and since by Senators OWEN and LA FOLLETTE, Congressman Chandler, of New York, and others. This activity among politicians was a result, wholly nonpartisan, of the general progressive movement of the years 1908–1912, the main objective of which was new tools of self-government—to end bossism.

PRESIDENT ROOSEVELT ALSO

The demand for a more flexible Constitution found expression in the following plank in the Progressive platform of 1912, which was heartily approved by Theodore Roosevelt:

> "We hold, with Thomas Jefferson and Abraham Lincoln, that the people are the masters of the Constitution, to fulfill its purposes and to safeguard it from those who, by perversion of its intent, would convert it into an instrument of injustice. In accordance with the needs of each generation the people must use their sovereign powers to establish and maintain equal opportunity and industrial justice, to secure which this Government was founded and without which no republic can endure. * * * The Progressive Party * * * pledges itself to provide a more easy and expeditious method of amending the fundamental Constitution."

THE OHIO VOTE

It is germane to note here that an initiated amendment to the constitution of Ohio, providing that by a 6 per cent referendum petition the people could force a vote upon any pending amendment to the Federal Constitution, was adopted by a vote of 508,282 "yes" to 315,030 "no," with 86 per cent of the voters who voted at the election voting on this question. The Ohio Supreme Court in the case of Hawk v. Smith decided on September 30, 1919, that the amendment was valid. On appeal the United States Supreme Court on June 1, 1920, reversed the Ohio decision and held that the State legislatures alone possessed power to approve or reject Federal amendments. The incident is of value, however, in showing that the people of one great State desire to assume direct control of their Federal as well as their State Constitution. Without doubt, votes in a majority of the other States would show a similar desire.

CHECKED BY THE WORLD WAR

The general progressive movement, partisan or nonpartisan, in all lines of political, economic, and social advance, was checked in 1914 by the beginning of the World War and largely stopped by our entrance into this war in 1917.

A period of pronounced reaction followed, as has followed every war in human history. American reactionaries have followed the example of Tories everywhere in such periods and have sought to rivet their economic and political control of the Nation. They have attacked the welfare legislation, secured reactionary court decisions, and attempted to destroy the direct primary, corrupt practices act, initiative and referendum, and so on.

THE LINE-UP

The Wadsworth amendment is part and parcel of this general effort and by all odds the most vital part of it. The united financial interests of the Nation, by a shock attack which has cost them millions of dollars in publicity and political wire pulling, have deceived the farmers and a large part of the middle classes as to the true terms and import of the child labor amendment and so have frightened and forced a majority of politicians into rejecting it. This, mind you, after a presidential election when they had kept quiet before election and made no protest against the platforms of the Republican and Democratic Parties containing glowing planks pledging their candidates to support the child labor amendment!

Under the cover of this assault they are cleverly attempting to make the Federal Constitution impossible of amendment on any subject except at their own dictation. They are heedless of the ultimate dangers involved in such a program, and they are blind to the effects of closing the door to effective, orderly processes of constitutional reform.

If the lessons of history and the warnings of such substantial authorities as above set forth have any meaning to the honest conservatives of this Nation they must of necessity regard this situation with concern. Surely we ought at least to be as intelligent as the ruling class of England who have constantly yielded to the democratic spirit of the age, and by that wisdom have escaped the fate of their European compeers.

WHAT TO DO ABOUT IT

There remains to answer the inevitable objection, "Your bulletin is destructive. Can you not make some constructive suggestions?"

Easily. We have been making constructive suggestions for 12 years. The National Popular Government League was organized in 1913. The first plank in its program was the "gateway amendment," and at its first convention Mr. Herbert Quick made a notable speech in its advocacy.

The first suggestion is to kill the Wadsworth amendment and keep the field clear for constructive action. The next is to educate the American people to the need of a flexible amending clause so that they will support a "gateway amendment."

LET AMENDMENTS BE PROPOSED

1. By a majority of both Houses of Congress or by one House when the other has three times refused.

2. By 10 States, either through the legislature or by direct vote of the people through the initiative and referendum.

3. By direct initiative petition addressed to the Secretary of State of the United States, signed by, say, 10 per cent or 15 per cent of the voters in each of, say, 16 States.

LET AMENDMENTS BE SUBMITTED

At regular congressional biennial elections, direct to the voters of the Nation, under safeguards laid down by the Congress.

LET AMENDMENTS BE PUBLISHED

in an official publicity pamphlet, printed at the Government Printing Office and mailed by the Secretary of State direct to the voters of the several States. Let this pamphlet contain the ballot, title, and complete official text of the measure being submitted; also arguments for and against, prepared by the joint committees chosen by the proponents and opponents of the measure in Congress; also at least one argument for and against, prepared by joint committees of the various national organizations approving or opposing the measure. The expense of this pamphlet to be borne by the Federal Government. It would cost around 1 cent a voter. The long delay in the income tax amendment cost the consumers of the Nation over $2,000,000,000.

LET AMENDMENTS BE ADOPTED

if they receive a majority of the total vote cast thereon in the Nation and a majority of the vote cast thereon in a majority of the States. This double majority will protect State rights.

The voters of the Nation have had ample experience in voting upon amendments and measures, both State and local, for a century. The people of 19 States have had the added experience in the use of the initiative and referendum in State and local affairs. All this prepares the American citizenry to deal directly with its National Constitution. The inherent conservatism of the American people, as evidenced in their vote upon measures for the last quarter of a century, proves beyond cavil that they do not decide things rashly or radically, nor will they be deterred for a long period of time from constructive action to which a majority is agreed.

LOCAL CONTROL OF CENTRALIZED POWER

This proposed "gateway amendment" should receive special attention from those citizens, progressive or conservative, who look with concern upon the tendency to centralize governmental power in Washington. They are faced with this dilemma:

Without the exercise of local self-government, which develops habits of self-reliance and social courage, this democratic Republic can not endure. A supergovernment must not be permitted to rob its people of local independence.

On the other hand, we are faced with the practical fact that modern methods of production, distribution, and communication, in bland disregard of geographical lines and the subdivisions of political power, have created an economic interdependence, nation-wide and even world-wide, unknown to the people of the eighteenth or previous centuries. Many things which formerly might safely be left to the States must now be dealt with by national legislation, if social justice and equality of business and individual opportunity are to prevail in the States themselves. Uniform child labor laws, for example, are necessary to put the manufacturers of all States upon an even footing of production costs.

The gateway amendment takes a long step in the direction of solving this dilemma, by placing the control of both local and National Government directly in the hands of the people themselves. The principle here set forth has been employed in Australia and Switzerland in the amending of their federal constitutions. A study of their experience is illuminating.

The time has come when, in Emerson's phrase, we must "not be contented with goodness, but explore if it be goodness." We must not permit reverence for the fathers to shackle our hands, when not only children but crushed men and women are appealing to us for justice. We must learn to detect that skillful propaganda which, by making constitutions and courts sacrosanct, blinds our perceptions of the true character of inhuman practices conducted under their sanction and protection.

We must extend our vision. We must remember that fundamental reforms come slowly; that no law can succeed in practice until it has been first enacted in public opinion. As an agency for education the initiative and referendum have no peer. Reaction is now at its height. The pendulum will soon begin to swing the other way. And in that hour, if the people have the proper tools of democracy in their hands, they can achieve their will and not be thwarted, as so often in the past, by legislatures, executives, and courts dominated by political machines.

We can not stand still and go forward at the same time. Surely, it is not wisdom to walk backward, even though invited to do so by the distinguished Senator from New York.

The issue here presented forces us back to first principles, and we may well begin with this principle:

> "The basis of our political systems is the right of the people to make and to alter their constitutions of government."—(George Washington in the Farewell Address.)

THE WADSWORTH AMENDMENT PROPOSED SUBSTITUTE FOR ARTICLE V

The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution, or, upon the application of two-thirds of the legislatures of the several States, shall call a convention for proposing amendments which, in either case, shall be valid to all intents and purposes as a part of this Constitution when ratified by three-fourths of the several States either through their conventions elected by the people for that purpose or through the direct vote of their people at elections to be held under the authority of the respective States, reserving also to the States, respectively, the selection of either mode of ratification, and the authentication of the action taken, and until three-fourths of the States shall have ratified or more than one-fourth of the States shall have rejected a proposed amendment any State may by the same mode selected change its vote:

Provided, That if at any time more than one-fourth of the States have rejected the proposed amendment said rejection shall be final and further consideration thereof by the States shall cease:

Provided further, That any amendment proposed hereunder shall be inoperative unless it shall have been ratified as an amendment to the Constitution as provided in the Constitution within eight years from the date of submission thereof to the States by the Congress:

Provided further, That no State, without its consent, shall be deprived of its equal suffrage in the Senate.

ARTICLE V OF THE CONSTITUTION AS IT IS

The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution, or, on the application of the legislatures of two-thirds of the several States, shall call a convention for proposing amendments, which, in either case, shall be valid to all intents and purposes, as part of this Constitution when ratified by the legislatures of three-fourths of the several States, or by conventions in three-fourths thereof, as the one or the other mode of ratification may be proposed by the Congress: *Provided*, That * * * no State, without its consent, shall be deprived of its equal suffrage in the Senate.

NATIONAL BANKING ASSOCIATIONS AND FEDERAL RESERVE SYSTEM

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8887) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918, to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5209, section 5211 as amended of the Revised Statutes of the United States, and to amend sections 13 and 24 of the Federal reserve act, and for other purposes.

The PRESIDENT pro tempore. The Senator from Minnesota [Mr. SHIPSTEAD] is entitled to the floor.

Mr. JOHNSON of California. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Clerk will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Edwards	Kendrick	Robinson
Ball	Ernst	Keyes	Sheppard
Bayard	Fernald	Ladd	Shipstead
Bingham	Ferris	McKellar	Shortridge
Borah	Fess	McKinley	Simmons
Brookhart	Fletcher	McLean	Smith
Broussard	Frazier	McNary	Smoot
Bursum	George	Means	Stephens
Butler	Glass	Metcalf	Swanson
Cameron	Gooding	Neely	Trammell
Capper	Hale	Norbeck	Underwood
Caraway	Harreld	Oddie	Wadsworth
Copeland	Heflin	Overman	Walsh, Mont.
Cummins	Howell	Pepper	Warren
Curtis	Johnson, Calif.	Pittman	Watson
Dial	Johnson, Minn.	Ralston	
Dill	Jones, N. Mex.	Ransdell	
Edge	Jones, Wash.	Reed, Mo.	

The PRESIDENT pro tempore. Sixty-nine Senators have answered to their names. A quorum is present.

Mr. SHIPSTEAD. Mr. President, at 5 o'clock this afternoon I rose to address the Senate on the bill before the Senate. The bill came over from the House, where it was considered by the Committee on Banking and Currency. In the House it has been amended and amended. It came to the Senate and was sent to the Senate Committee on Banking and Currency, where it has been again amended. I regret very much that there has been such limited time in which to discuss the bill. I shall address myself only to one or two provisions in the bill that strike me as being rather repugnant to ideas that I hold on the question of safe banking.

Before I do that I wish to take a few minutes to discuss a news item that appeared in the Washington News last Friday evening. I desire to discuss that now, because in my opinion it is one of the most important news items that has come to my attention in a long time. It is a news item announcing that the President of the United States may hold up private loans to foreign governments, and it reads as follows:

> United States may hold up private loans to France.
>
> White House frowns on most loans to foreign governments.
>
> The United States Government may hold up the private loans of $140,000,000 which the French Government announces it will soon try to raise in this country.
>
> This will be the first foreign-government loan sought here since the White House announced that such credits extended by American bankers would be frowned upon unless the borrowing government was practicing domestic economy.

Mr. President, I have felt impelled at times to criticize the financial policy of the administration. I have done so as a matter of public duty. I will say that I am as happy to commend the administration and the President when action is taken which in my opinion deserves commendation. I do that also as a public duty. If the President is correctly quoted in this news item, I want to congratulate him and the American people upon the idea held by the Chief Executive.

During the last year there were floated in this country foreign loans to the amount of sixteen hundred million dollars. The United States now holds foreign securities amounting to

more than twelve thousand million dollars. Private investors hold foreign securities in the amount of ninety-five hundred million dollars, sixteen hundred million dollars of which were floated here in 1924.

I have from the New York Times financial section of January 4, 1925, a compilation of all foreign loans floated in the United States during the year 1924. In the same compilation there is also found the total amount of foreign loans floated in the United States up to the end of the year 1924. These figures are exclusive of the amount that European Governments owe to the Government of the United States. The summary from the financial section of the New York Times is as follows:

[From the New York Times, Sunday, January 4, 1925, financial section]

1924 FOREIGN LOANS WERE $1,623,696,000—TOTAL OF AMERICANS' INVESTMENTS ABROAD INCLUDED STOCKS, BONDS, AND PRIVATE CREDITS

The total of all foreign investments made by Americans in the calendar year just ended was $1,623,696,000, according to a compilation by Max Winkler, Ph. D., manager of the foreign department of Moody's Investors Service. This record includes stocks and bonds and also credits that were advanced privately, leaving out, however, those credits to foreign Governments which were repaid before the end of the year.

A summary of the record for the year follows:

Country	Governments, provinces, and municipalities	Corporations and direct investments	Total
Europe	$485,750,000	$237,928,000	$723,678,000
Asia	150,166,000	42,000,000	192,166,000
Latin America	141,405,000	195,982,000	337,387,000
United States Territories	8,330,000		8,330,000
North America	222,446,000	139,689,000	362,135,000
Total	1,008,097,000	615,599,000	1,623,696,000

On December 31, 1923, the total of American investments in foreign securities was $8,000,000,000. After allowing for the paying of some of these loans, the total at the end of 1924 was calculated at not less than $9,500,000,000.

Mr. President, we are the only large nation in the world that is solvent. We control the gold supply of the world. We are in a position to control the banking credit of the world, and, as such, we control the economic power of the world. This is the greatest power, to be used for good or evil, that was ever given any nation in the world to control. The manner in which this power shall be controlled will determine, for good or evil, the destiny of nations and the destiny of humanity. It is for the Government of the United States to say how this power shall be used. This power belongs to the American people. Until this time it has, to a large extent, been in the hands of the bankers, and therefore in their control. It is the property of the American people. Banking credits are merely held in trust by American bankers. They have been dissipating this credit promiscuously all over the world by floating foreign loans, peddling the securities to American investors, and reaping for themselves enormous commissions. The American investors hold the paper; the foreign governments and corporations have the money; and the American bankers have the commissions.

This control of banking credit and investment credit is used by bankers to secure concessions and obtain commissions at the expense of European peoples and American investors. Such control should be exercised by the American Government and used for the purpose of promoting peace and the welfare of humanity. America is in a position to say to the rest of the world, "We do not want to use this tremendous economic power for the purpose of building large armies and great navies, to be used for taking the iron, coal, and oil fields and trade routes of other nations, but we want to use this economic power to promote peace and production of wealth." We can say to the world, "We will loan you all the money you need with which to finance your productive industries, with which to build homes for your people and buy food for your people, provided you will disarm, disband your large standing armies, quit building battleships, and get down to a peace basis, not merely talk peace while spending billions of dollars preparing for war, but actually abolish conscription and the building of large navies and sign an agreement to outlaw war for all time as an international crime like piracy. If you will do that, we will loan you money in unlimited quantities; we will loan you money for all the purposes of peace."

That is what America can say to the world, and that is what we should have said a long time ago. We are in a position to dictate peace to the world for the next hundred years. Instead of assuming that attitude, however, we have until this time chosen rather to assume an abject, creeping, crawling, cringing, dollar complex by salaaming to the opinions of the diplomats, the bankers, and the imperialists of Europe.

If the President is quoted correctly, I want to commend him. It gives us a hope that in the future the foreign policy of the United States may be controlled through the economic power being directed by the President and Congress in the interest of peace and the welfare of humanity and not by the bankers in the interest of concessions and commissions.

The total production of the people of Europe can not pay the interest on their tremendous indebtedness and maintain their present system of militarism. If they try both, the inevitable outcome is more war and misery. I wish to quote on that point Mr. Roger Babson in his special letter of November 18. On the question of whether Europe can pay interest on her total indebtedness and maintain her present system of militarism, he says:

> There is one phase of the situation, however, which should be understood by every investor. A large number of European securities are now being offered in the United States, and clients will have to decide whether or not they will put money into these securities. Statistics show clearly that the European countries have surplus earnings enough to pay interest on Europe's present indebtedness or for maintaining Europe's present armies. There, however, is not enough money to do both. Europe is a good deal like the steamer on the Mississippi River that Abraham Lincoln used to tell about; it had boiler capacity enough either to run the boat or blow the whistle, but could not do both at the same time.

If the American Government will so choose, this tremendous reservoir of credit that belongs to the American people can be husbanded until Europe is willing to come to the proper terms. By "proper terms" I do not mean a higher rate of interest and larger concessions, but disarmament down to sufficient forces to do police duty in order to maintain law and order on land and sea, we, of course, agreeing to do the same. If this be done, we can afford to give Europe all the credit that it needs at a low rate of interest, and permanent peace will be the inevitable result. Unless terms of this character shall be imposed as a condition of such loans the time will come when we will discover that the old saying is true, "By loaning money to your friends you lose your friends," and American investors will find themselves in the position of those who bought Russian bonds peddled in this country by the bankers of New York. When they sold those Russian bonds to American investors they induced the American investors to bet their money that the Government of the Czar would continue to rule Russia. They bet their money and they lost. They now hold the bonds as scraps of paper as evidence that they bet on the wrong horse. But the bankers got their commissions. Bankers peddling these foreign loans to American investors now are inducing American investors to bet their money that the present order in Europe will continue. That order can not continue unless Europe disarms and builds from now on on a foundation of peace.

We are in a position to dictate that policy of peace, and unless we do so the time will undoubtedly come when these American investors will find that they have again been induced to bet upon a losing horse, unless they shall be able to induce the Government to send their Army and Navy over to collect the debts owed to American investors, as the marines have been sent to Central America to collect debts owed to American investors.

A few days ago in a news article in the New York Times the headlines said, "It is a question how far the American flag shall follow the dollar." There are some who believe that it is the duty of the flag to follow the dollar. I never liked that slogan. I would rather have it said that the American flag only follows American principles, and that we ought to see to it that these principles are of such a character that no American need be ashamed to see his flag follow them.

This money that is needed by Europe should be loaned to Europe not as a money lender who wants commissions and concessions. Whatever money Europe needs for productive industries, for the pursuits of peace, we should loan to Europe as a friend who requires that the only condition of the loan shall be a practical manifestation of peaceful intentions by the Governments of Europe. The people of Europe want peace. If the Governments want our money, let them pay for it by guaranteeing world peace, and let us see to it that they shall not use this money for the purposes of building large armies and navies, which in the future they may use against their friend, Uncle Sam, whose people loaned them the money.

This economic power of the United States, if properly used and directed, is a genuine power for peace greater than all the

armies and navies of the world, all the arbitration courts, all the Leagues of Nations, all the holy and unholy alliances that have disappointed a naive humanity.

I hope the President is correctly quoted in this news item, and I hope he will continue in the direction in which this news item indicates he has taken the first step. If he will follow that road to the end, generations of Americans who shall come after him and generations of peoples in every nation who shall come after him will bless his name. He has for a long time stood at the parting of the ways. I hope he may be given the grace and the courage to choose the road to genuine pence.

Mr. President, I want now to discuss very briefly the bill before the Senate. I hesitate to do so because I had hoped that some one else better qualified than I, and who had had more time to study the provisions of this bill than I, would discuss certain phases of it. I did not know, I was not aware until this afternoon, that this bill would come before the Senate so soon. I tried to keep track of it as it came through the various channels over from the House. I have discussed parts of it very briefly with the Senator from Pennsylvania [Mr. PEPPER] and the Senator from Connecticut [Mr. MCLEAN]. I am sure those who sponsor this bill have labored very earnestly and very hard to bring a meritorious bill before the Senate. I want to say that I do not set myself up as an expert or authority on a question of legislation of this kind; but I find, after a hurried examination of the bill, one provision that it seems to me may lead to difficulties and dangers that we do not want in a banking act. I think we have made mistakes in the past. This, rather than restricting and limiting these dangers, it seems to me, rather extends the possibility of danger.

I want to say in the beginning that I believe there are certain things we should always bear in mind. One of these things is that bank deposits are, at least morally speaking and I think as a matter of fact, trust funds held in trust for the depositors; and it is the duty of the bank and it is the intention of the banking laws of the country that these trust funds shall be protected for the benefit of the depositors. Therefore, certain restrictions have been placed upon the methods of disposition and handling of these funds. Certain kinds of paper are prohibited from the bank vaults. Certain reserves are required by law to be held in the vaults of the banks for the protection of these trust funds.

I believe it is reasonable to assume that it is the intention that the reserves of the bank shall be held to meet an emergency that might arise and so threaten the safety of these funds that are held in trust for the depositors, and loaned out to borrowers. Therefore it would seem to me that anything that would jeopardize the reserves of any bank, and particularly the bank of central reserve, where all of the reserves of the member banks of the Federal reserve banking system are deposited—anything that is proposed that has the appearance of jeopardizing these reserves and piling up liabilities against these reserves should be scrutinized very carefully, in order that the trust funds deposited and held by the banking system shall be protected for the benefit of the depositors and for the benefit of commerce and for the welfare of the country.

On page 27 of this bill, section 14, we have an amendment to the Federal reserve banking act that it seems to me extends what I have very often considered a danger to the reserve funds of the Federal reserve banking system. There are certain kinds of paper that can be rediscounted by the member banks with the Federal reserve banks, and that paper forms a basis for the Federal reserve notes that circulate throughout the country. On page 22, section 10, we have enumerated the kinds of paper that can be discounted with the Federal reserve banks and used as a basis upon which Federal reserve notes are issued and put into circulation.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. Yes.

Mr. PEPPER. Is the Senator correct in the statement just made? My understanding is that section 5200 is the section which prescribes what liabilities may be created by a person, corporation, or individual to a national bank.

Mr. SHIPSTEAD. Yes; that is correct.

Mr. PEPPER. And in the particular that the Senator is discussing, the committee amendment makes no change in the existing law.

Mr. SHIPSTEAD. I am aware of that.

Mr. PEPPER. The point that the Senator is speaking to arises under section 14.

Mr. SHIPSTEAD. Yes; but the Senator does not go far enough, as I shall show. Section 14, on page 27, deals with an amendment to the Federal reserve banking act; and the Federal reserve banking act, when it comes to enumerate the things or the kinds of paper that can be rediscounted with the Federal reserve banks, refers to section 10.

Mr. PEPPER. Mr. President, the Senator is entirely right. In the interest of accuracy I merely wished to point out that section 10 is not, as he stated, a proposed amendment to the Federal reserve act, but is a proposed amendment to the national banking act.

Mr. SHIPSTEAD. Yes; that is correct.

Mr. PEPPER. And the only way in which the Federal reserve act is affected is by the provision in section 14 to which the Senator has last referred.

Mr. SHIPSTEAD. That is correct. Evidently I did not make myself clear.

I turn to section 14 and call to the attention of the Senate what that section provides for, also bearing in mind as a background the old Federal reserve banking act as it now exists. Then I turn back to section 10, which here is an amendment to the national banking act, and where we find enumerated certain classes of paper that under another subdivision are subject to exemption so far as rediscounting with the Federal reserve banks is concerned; and here I want to call this to your attention: On line 21, under subdivision (a), are included—

> Bills of exchange drawn in good faith against actually existing values.

That paper can be accepted by national banks in unlimited quantities and under the Federal reserve banking act as it now exists can be rediscounted at the Federal reserve banks without limit; and I want you to note carefully the phrasing of that provision:

> Bills of exchange drawn in good faith against actually existing values.

These bills of exchange under the law do not need to be guarded by security; they do not have to be secured when a member bank rediscounts them at the Federal reserve bank. I think that is a very loose phraseology or provision when you take into consideration the fact that this paper, unsecured, can be sent to the Federal reserve bank and be used as a basis of currency.

I admit that where it is an absolutely honest transaction, carried on in good faith, and there had been an actual sale of commodities, and the paper is good——

Mr. GLASS. Mr. President, just exactly what does the Senator mean when he says that a bill of exchange is unsecured? A bill of exchange represents an actual commercial transaction—at least, I had supposed so—represents goods of actual value, with documents attached, in the process of shipment.

Mr. SHIPSTEAD. Mr. President, if the Senator from Virginia will look on page 23, under classification (c), he will find that it provides:

> Drafts and bills of exchange secured by shipping documents conveying or securing title to goods shipped.

There is a distinction between classification (c) and classification (a). Very likely the Senator from Virginia has reference to that class of paper we find in classification (c), "bills of exchange secured by shipping documents conveying or securing title to goods shipped." That is an entirely different proposition, and I have no criticism to make of that. I am not saying that I criticize this other proposition. I only want to call it to Senators' attention, because to me it looks as though there is an element of danger. I think we have had some trouble with that kind of paper.

Mr. GLASS. The Senator, of course, knows that that is the existing law and has been the existing law for a very long while.

Mr. SHIPSTEAD. Oh, yes; I am very well aware of that, and I am also well aware of the fact that we have had trouble with some of this paper getting into Federal reserve banks. I say that this bill, in my opinion, instead of restricting and limiting that danger, is opening the door still further for the influx of paper which will be piled up against the gold reserve of the Federal reserve banks, paper that has no security back of it. I am now referring to classification (b), in line 23.

Mr. GLASS. May I inquire just precisely what the Senator's definition of "bill of exchange" is? He keeps saying that a bill of exchange has no security behind it. What is a bill of exchange?

Mr. SHIPSTEAD. I will say to the Senator that there are different definitions. Some people compare it with a note.

Mr. GLASS. Certainly not an accommodation note?

Mr. SHIPSTEAD. It is a bill showing that an exchange of goods has been made. It is an obligation that is the result of an exchange of commodities or a financial transaction. In England I believe they are called "trade bills."

Mr. GLASS. Are not the commodities security behind the transaction?

Mr. SHIPSTEAD. I doubt whether the Senator is correct when he says they are always behind them, any more than they are behind a note given for a transaction.

Mr. GLASS. A note may be given and have nothing behind it except a single name.

Mr. SHIPSTEAD. The Senator then distinguishes between a commercial note, a business note, given in a business or commercial transaction, and a bill of exchange?

Mr. GLASS. Yes.

Mr. SHIPSTEAD. I am very glad to have the Senator's opinion of that. I discussed this bill the other day with Mr. Collins, Assistant Comptroller of the Currency, and I called this to his attention. I wanted to know why classification (b) was put into this bill, and he said it was done for the purpose of clarifying a condition which had arisen under classification (a), because, he said, the Comptroller of the Currency had ruled that for all practical purposes the kind of paper mentioned in classification (b) was the same character and class of paper mentioned in classification (a) as a bill of exchange. He said the only difference would be this, that if you say that commercial and business paper, notes, given for a commercial or business transaction, shall not be discounted or rediscounted with a Federal reserve bank when a transaction is made, in order to comply with the law, all you say to the man is, "I do not want your note, because I can not take it to my bank and have it rediscounted with the Federal reserve bank. Instead of giving me a note, give me a bill of exchange, and I can take it to the bank, and the bank can take it to the Federal reserve bank, have it rediscounted, and have currency issued against it."

Section 14 of the bill amends section 13 of the Federal reserve banking act so that paper under subdivision (b), section 10 of this act, may be rediscounted by member banks at Federal reserve banks in unlimited quantities. I assume that this is done in order to clarify a ruling by the Comptroller of the Currency, when he has already ruled and already held that "Commercial paper or business paper actually owned by the person, company, corporation, or firm negotiating the same," is actually, for all practical purposes, as good paper for rediscounting with Federal reserve banks as paper enumerated in classification (a).

It seems to me that there is a distinction here, and while I do not question the good faith or the motives of departmental heads, we have experience after experience where they issue and make rulings that very often are contrary to the intention of Congress when it writes the law under which they operate.

Last year an emergency arose in the United States, when the Solicitor of the Treasury, contrary to the construction of an act of Congress by the Secretary of the Treasury of seven years' standing, ruled that farmers' insurance companies and cooperative insurance companies came under the provisions of the revenue act; and it was necessary for Congress to pass a law reversing the ruling handed down by the solicitor.

I am not saying that the Comptroller of the Currency has here purposely and deliberately legislated and read into the law something which Congress did not intend should go into the national banking act, but for all practical purposes that is the effect of it. That has been the law, so far as the Comptroller of the Currency is concerned, ever since he made that ruling, and this provision is intended to make that ruling a part of the national banking act.

What is "commercial or business paper actually owned by the person, company, corporation, or firm negotiating the same"?

Mr. PEPPER. Mr. President, will the Senator yield to me for a moment?

Mr. SHIPSTEAD. Certainly.

Mr. PEPPER. I can not help thinking that the Senator from Minnesota is under some misapprehension of fact in connection with the statements he is making. The language which he is criticizing and which he suggests the Comptroller of the Currency is eager to enact into law, to justify a ruling he has made, is the language of the existing law, and has been for years and years and years. Subsection (b), on the subject of commercial paper actually owned by a person, firm, or corporation, is the law to-day.

Mr. SHIPSTEAD. Absolutely; but if the Senator will pardon me, he does not go far enough again.

Mr. PEPPER. Mr. President, we will go far enough in a moment. I wish to point out that the tenth section of the proposed bill makes no change whatever in the substance of the existing law affecting the exceptions to the 10 per cent rule affecting the amount of credit which a national bank can give to any one customer. The Senator is mistaken in thinking that there are now two classes of cases, one a bill-of-exchange case and the other a direct-note case, and that one of them is within the national banking act and the other is not. They are both within the national banking act; they are both within the explicit provisions of section 5200. The only change in this regard in the existing law is that when you come to amend the Federal reserve act in section 14 you assimilate these two cases for the purpose of fixing the right of the Federal reserve bank to rediscount paper, and if the Senator will permit me to give a simple illustration, I think it will be clear to Senators on both sides of the Chamber.

If I sell an automobile to a purchaser, I may either draw upon him for the price and gain his acceptance, or I may take his note and place my indorsement upon it. In either event, under the terms of section 5200, as it stands to-day and as it will stand if this bill passes, I may take either that bill of exchange or I may take that note to a national bank, and I may cause the national bank, if it approves the paper, to discount that paper for me and place the proceeds to my credit. That makes no change in existing law.

This point is, however, true, that at present, if the national bank which has taken the paper I have described goes to the Federal reserve bank for a rediscount, the Federal reserve bank, without any sufficient reason behind the law that controls it, is limited in the amount of rediscounting it can do in the case of the transaction that takes the note form, but is unlimited in respect of the rediscounting it can do when the transaction takes the bill-of-exchange form. The only effect of this bill is to recognize that the two transactions are identical in respect of security, that it makes no difference as respects good banking or good security if the vendor of that commodity in the one case draws on the purchaser for the price, or in the other case exacts a note from the purchaser. In either case the thing that goes to the national bank is two-name paper against an actually existing commercial transaction, and we see no reason why the national bank which has acquired that paper in regular course should not be permitted to get a rediscount in the one case as it may in the other. That is the whole question that is covered by the very interesting argument the Senator has made, but I venture to believe that his impression is that the proposed legislation changes the law much more radically than it really does.

Mr. SHIPSTEAD. Mr. President, I think I get the trend of the Senator's argument. If I understand the Senator correctly, he means to say, and I think says, that for all practical purposes the paper under classification (b) is the same in character as the paper under classification (a).

Mr. PEPPER. I mean, Mr. President, precisely that——

Mr. SHIPSTEAD. Then the Senator does not agree with the Senator from Virginia.

Mr. PEPPER. I say further that the paper of both sorts is actually covered by the existing legislation under the national banking act and is eligible for discount by a national bank for its customers.

Mr. SHIPSTEAD. Does the Senator mean to say that under the Federal reserve banking act as it now exists unsecured notes, commercial paper, and business paper are eligible for rediscount in unlimited quantities by a member bank at the Federal reserve bank?

Mr. PEPPER. I have tried to make it clear that that form of commercial paper which we call a bill of exchange—a draft drawn by the drawer upon the drawee in respect of a commercial transaction—actually initiated in good faith and accepted by such drawee, is paper which, in the first place, the national bank may take from its customer without reference to this 10 per cent rule——

Mr. SHIPSTEAD. And can also be discounted in unlimited quantities at a Federal reserve bank.

Mr. PEPPER. Undoubtedly. That is the existing law. In the second place, if the parties choose to give to their transaction not a bill of exchange form, but a simple commercial negotiable promissory-note form, where the vendor draws his note in favor of the vendor and the vendor places his indorsement upon the note, then, again, under the existing law the national bank may discount that paper for its customer without reference to the 10 per cent limit, and the difference is——

Mr. SHIPSTEAD. Just a moment.

Mr. PEPPER. Permit me to finish. The difference is that as to that second transaction, which differs not a bit in substance or security from the first transaction, the existing law limits the amount of rediscounting that the Federal reserve bank can do, and the suggestion or amendment proposed by the committee is to assimilate the two transactions in point of form as they are identical in point of substance.

Mr. SHIPSTEAD. If the Senator will permit me, I will read that part of the Federal reserve banking act covering that point. It provides:

> The aggregate of such notes, drafts, and bills bearing the signature or indorsement of any one borrower, whether a person, company, firm, or corporation, rediscounted for any one bank, shall at no time exceed 10 per cent of the unimpaired capital and surplus of said bank.

"At no time exceed 10 per cent of the unimpaired capital and surplus of said bank."

Mr. PEPPER. May I ask from what the Senator is reading?

Mr. SHIPSTEAD. From the Federal reserve banking act, on page 27.

Mr. PEPPER. That is section 5200 of the Revised Statutes, which is not a part of the Federal reserve banking act, but a part of the national banking act.

Mr. SHIPSTEAD. I call the Senator's attention to section 13 under the heading "Powers of Federal reserve bank." This is the fourth paragraph of section 13 of the Federal reserve banking act. This has to do with a class of paper that can be rediscounted by Federal reserve banks, and that paper is herein enumerated. It will be noticed that there is a limitation here, and then there is a certain class of paper upon which there is no limitation. I read it again:

> The aggregate of such notes, drafts, and bills bearing the signature or indorsement of any borrower, whether a person, company, firm, or corporation, rediscounted for any one bank shall at no time exceed 10 per cent of the unimpaired capital and surplus of said bank; but this restriction shall not apply to discount of bills of exchange drawn in good faith against actually existing value.

In this paragraph of the Federal reserve banking act it is as plain as the English language can put it that "notes, drafts, and bills bearing the signature and indorsement of any one borrower, whether a person, company, firm, or corporation, rediscounted for any bank shall at no time exceed 10 per cent of the unimpaired capital and surplus of said bank."

It seems to me that the amendment proposed to the Federal reserve banking act in section 14 of the pending bill on page 27 amends the Federal reserve banking act so that the paper that has been limited to 10 per cent of the capital and surplus under the existing law will be taken from under that restriction and limitation, and the restriction and limitation will be entirely wiped away. It certainly goes further than section (a), because under section (a) bills of exchange drawn in good faith against actually existing value are included. Of course, if we assume that all notes given are in good faith against actually existing value we will be perfectly safe.

We can assume a lot of things when we come to deal with the protection of the banking funds belonging to depositors and the reserves that are required by law to be kept in the vault of the central bank for the protection of them; but if it was reasonable and safe to assume all of those things, we would not need any restrictive or protective legislation for this purpose.

Mr. PEPPER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CAPPER in the chair). Does the Senator from Minnesota yield to the Senator from Pennsylvania?

Mr. SHIPSTEAD. I yield.

Mr. PEPPER. I suggest, in the interest of making progress in the consideration of the measure, that now that the Senator has made plain to us the point which he has in mind, we proceed to take up the committee amendments, and when we come to the one which is affected by the Senator's criticism it may be made the subject of further discussion, and when amendments other than the committee amendments are in order, perhaps the Senator will have an amendment to propose, and the Senate can decide as between the committee and the Senator's criticism. I am afraid that if the discussion generates into a running debate between the Senator in charge of the bill and the Senator from Minnesota, we will not be able to make any progress that justifies the presence of Senators at this evening session.

Mr. SHIPSTEAD. I will say to the Senator that I have no intention of hampering the progress of the bill.

Mr. PEPPER. I feel sure of that, and that is the reason why I make the suggestion that the Senator's question can be raised by an amendment at the proper time.

Mr. SHIPSTEAD. I call this to the attention of Senators now present, because the Senator from Missouri [Mr. REED] this afternoon called attention to it. This is as important a piece of legislation as has come before the Senate. I have no doubt that those who have conducted hearings on the bill have worked diligently and earnestly, and I do not question their faith, but we are asked to consider a piece of legislation here and we ought to consider it. I do not say that I am right in my argument. I may be wrong, but I feel that it is something that ought to be looked into, and for that reason I am calling it to the attention of the Senate.

I want to say just a few words and then I shall be perfectly willing to proceed with the committee amendments. We have had some trouble with paper being placed in Federal reserve banks as liabilities against the reserve of the bank.

Mr. FLETCHER. Mr. President, may I interrupt the Senator to call his attention to the provision on page 28, under section 14, to which he has referred? I will say to the Senator that the matter has been given very faithful and earnest consideration by the Committee on Banking and Currency. I am afraid the Senator has overlooked the provision on page 28, which reads:

> *Provided, however,* That nothing in this paragraph shall be construed to change the character or classes of paper now eligible for discount by Federal reserve banks.

The danger the Senator seems to apprehend is covered by that proviso.

Mr. SHIPSTEAD. I am very glad the Senator from Florida called that to my attention. I maintain that not only does it change the character of the paper but it also changes the quantity of a certain class of paper that has been limited by the Federal reserve banking act as it now exists, which up until this time could not be rediscounted by the Federal reserve banks above 10 per cent of the capital and surplus, and yet now under this very act and that very amendment it is proposed that it may be rediscounted in unlimited quantities. I hope the Senator will bear in mind section 5200 in relation to this point.

I do not want to interfere with the Senator's progress with the bill, but I want to call this to the attention of the Senate because the reserves of the banking system——

Mr. REED of Missouri rose.

Mr. SHIPSTEAD. Does the Senator from Missouri wish to interrupt me?

Mr. REED of Missouri. I do not mean to interrupt the Senator in the middle of a sentence.

Mr. SHIPSTEAD. I yield to the Senator from Missouri.

Mr. REED of Missouri. I desire to ask the Senator from Pennsylvania—with the permission of the Senator from Minnesota, because it bears on what he has been discussing—whether in describing the kind of notes which could be accepted he was referring to the language found in paragraph (b) at the bottom of page 22 of the bill?

Mr. PEPPER. I understand the Senator from Minnesota is discussing the character of paper in subsection (b) at the place indicated by the Senator from Missouri.

Mr. REED of Missouri. I understood the Senator from Pennsylvania to illustrate his point, which was that there was no practical difference between a bill of exchange drawn against a sale and a promissory note received through a sale, and that the object of paragraph (b) was to cover the same class of transaction as paragraph (a) except that the form of paper evidence of debt is in one case a bill of exchange that has been accepted, while the other is a promissory note.

Mr. PEPPER. That is not what I meant to say. The character of paper specified in subsection (a) and the character of paper specified in subsection (b) are both of them described in the existing form of section 5200. This bill makes no change in the existing law with respect to them. What I said was that a commercial transaction of purchase and sale, where the vendor in the one case draws on the purchaser and the purchaser accepts the draft and the vendor then causes the draft to be discounted by his national bank, is in substance the same transaction as one in which the same sale takes place, and the vendor instead of drawing takes the note of the purchaser and indorses the note and procures its discount.

Mr. REED of Missouri. I so understood the Senator. I understood that the Senator meant to convey the idea that paragraph (b) was intended to cover exactly the same sort of transaction—that is, an actual sale—as pargraph (a) except that in one case the form of instrument is a bill of exchange

and in the other case a note. If that is correct I beg to suggest that doubt as to the meaning of paragraph (b) could be easily removed by employing in paragraph (b) the same language in substance as is employed in paragraph (a), or to amend paragraph (a) so that it would read "bills of exchange drawn in good faith or promissory notes received in good faith against actually existing value."

Mr. PEPPER. I think there is very great force in the suggestion of the Senator. The only reason that I can suggest to the Senator in opposition to that view is that we have desired to change as little as possible the language which has been in the national banking act for a decade and which has acquired, through decisions of the Comptroller of the Currency, a kind of stereotyped meaning with the profession.

Those two subsections—the subsection describing bills of exchange drawn against actually existing value and the other describing commercial paper—are old-established formulae, which we have not felt like changing. That is all I can say in answer to the Senator's suggestion.

Mr. REED of Missouri. I do not desire to take the time of the Senator from Minnesota, but I think that subsection (b) might easily be construed to embrace paper where it did not involve an actual transaction of sale similar to the case the Senator has put in the matter of the bills of exchange.

I know there is some phraseology that has obtained a peculiar meaning by virtue of long usage, and I thought it might save dispute if we could adopt similar phraseology or some apt words to show that by commercial or business paper is meant commercial or business paper which has been delivered in consideration of an actual sale.

Mr. SHIPSTEAD. I think that it is necessary in order to make myself clear to point out that under existing law it is permitted to rediscount the class of paper in classification (a) with Federal reserve banks in unlimited quantities, while paper under classification (b), according to the Federal reserve banking act as it now exists, although it can be taken by national banks in unlimited quantities, can not be rediscounted with Federal reserve banks in unlimited quantities, but as to any one borrower can only be rediscounted to the amount of 10 per cent of the capital and surplus. I claim that under this provision that limitation is now removed.

We were told that the reason so many banks failed after 1920 was because they were loaded up with this class of paper—business paper, notes unsecured—which they could not rediscount at the Federal reserve banks. If they had bills of exchange drawn in good faith against actual existing values they could rediscount them at the Federal reserve bank and could get the money, but when the member bank had paper falling under classification (b) and the borrower could not pay the member bank was frequently obliged to suffer a loss. If it had been possible then to rediscount such paper with the Federal reserve banks, there is no reason to assume that because of that fact the borrower would have been able to pay. So, instead of tying up only the reserves of the national bank, if, under the Federal reserve banking act, that paper could have been placed in Federal reserve banks, it would have tied up the reserves of the Federal reserve banking system with that class of paper.

It is a question of public policy whether we are going to allow the reserves of the Federal reserve banks to be tied up with liabilities of that character against them.

In the other subdivisions are enumerated other classes of paper, for which it is provided that there shall be security, something that may be sold in case the borrower can not pay, so that the reserve funds of the banks shall be protected if a borrower can not pay his indebtedness.

Mr. PEPPER. Mr. President, will the Senator from Minnesota yield to me?

Mr. SHIPSTEAD. Yes.

Mr. PEPPER. May I ask the Senator to consider the suggestion I made a few moments ago, that the only way in which to bring his very important suggestion to a point is to prepare an amendment which would carry it into effect?

Mr. SHIPSTEAD. I have such an amendment.

Mr. PEPPER. Would it be agreeable to the Senator to let us take up the reading of the amendments, and proceed in that fashion, and dispose of them one by one?

Mr. SHIPSTEAD. Very well; I shall be very glad to do that.

Mr. PEPPER. I shall very much appreciate it, if the Senator will let us do that.

Mr. SHIPSTEAD. I shall be very glad to do so; but before agreeing to that, I desire to ask is there a unanimous-consent agreement that we shall vote on the pending bill to-night? I want to give the Senator every opportunity to have his amendments considered, and to make progress with the bill, and for the present I shall let the matter rest until the committee amendments shall have been disposed of.

Mr. PEPPER. I thank the Senator. I suggest that, with the consent of the Senate, we proceed to take up the committee amendments.

The PRESIDING OFFICER. The Secretary will state the first committee amendment.

The first committee amendment was, on page 5, line 12, after the words "and provided further," to strike out the following proviso:

That, except as to branches in foreign countries, independencies, or insular possessions of the United States, it shall be unlawful for any such consolidated association to retain in operation any branches which may have been established beyond the corporate limits of the city, town, or village in which such consolidated association is located, and it shall be unlawful for any such consolidated association to retain in operation any branches which may have been established subsequent to the approval of this act within the corporate limits of the city, town, or village in which such consolidated association is located, in any State which at the time of the approval of this act did not, by law or regulation, permit State banks or trust companies created by or existing under the laws of such State to have such branches.

And in lieu thereof to insert:

That it shall be unlawful for any such consolidated association to retain any branch or branches in any State which, at the time of the approval of this act, did not by law, regulation, or usage with official sanction permit State banks or trust companies to have such branches; but branches established by a State bank under such law, regulation, or usage, and heretofore lawfully retained when consolidation was effected with a national banking association may continue to be maintained by such consolidated association.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. SHIPSTEAD. Mr. President, I should like to make a parliamentary inquiry. Are we now proceeding with the reading of the committee amendments or the reading of the bill?

The PRESIDING OFFICER. The Secretary is stating the committee amendments.

Mr. HOWELL. Mr. President, a reading of this bill would indicate that the House did not intend that any consolidation of a State bank with a national banking association should authorize the maintenance of branches outside of the city in which the national bank and the State bank are located; but the Senate committee amendment provides that if the State bank has branches throughout the State the consolidation shall give the authority and right to the national banking association to continue those branches throughout the State in which they are located. In other words, this is a tremendous step forward in branch banking.

I understand that there are 21 States in which branch banking is now extant. I further understand that in California there is one State bank that has 100 branch banks. As a consequence, if that bank were consolidated with a national bank in the city in which it is located, that national bank would have 100 branch national banks throughout the State of California. This is a tremendous step forward.

It may be that branch banking is the ultimate of our banking system. However, I am not convinced that such is the case, and I am wondering if this is not a momentous step in banking in this country. Under permissive legislation of this kind matters do not stand still; they either go backward or go forward. We are going forward. I believe this means the first wedge to bring about general branch banking throughout this country. Are we prepared to take the initial step in this direction? That is what it means if we adopt this amendment.

The House bill prohibits branch banks outside of the city in which the national banking association may be located. If it should take over a State bank having branches in the city, it could operate those branches; but if it should take over a State bank having branches in the city and outside of the city, under the House bill it could not continue to operate the branch banks outside of the city.

Mr. GLASS. Is not that also true as to this bill as the committee have reported it?

Mr. HOWELL. As I understand, as the committee have reported this bill it authorizes consolidations; and if under such a consolidation a State bank has 100 branches throughout the State outside of the city, the national bank can conduct those branches just as the State bank conducted them previously.

Mr. GLASS. The Senator totally misunderstands the bill. It does not propose to do anything of the kind.

Mr. PEPPER. Mr. President, if the Senator will yield to me for a moment, let me say that under the existing law if a

State bank is authorized by the law of the State in which it exists to have branches without limit upon their number, and if the State bank converts itself into a national bank and upon such conversion retains the branches which it has, or if it causes itself to be consolidated into a national bank and retains the branches which it has under the existing law, the national bank may maintain the branches which it has thus acquired by conversion or consolidation; and this bill makes no change in the existing law in that particular.

What this bill will do, if it shall be passed, is to prevent that thing from ever happening again, because it provides in section 8 that the only branches after the date of the passage of the bill which a national bank may acquire or establish are branches in the limits of the municipality in which the parent bank is situated, and only then provided there is a law, regulation, or usage with official sanction in the State of its being which was in existence at the date of the passage of this measure.

So I venture to urge the Senator to consider that the danger which, from the viewpoint of an opponent of branch banking, he has in mind is really a danger not chargeable to this bill but to the existing law. This bill does nothing whatever in regard to branch banks of national banks, excepting to permit them within cities in States where the law is permissive as to State banks at the time this bill goes into effect.

Mr. HOWELL. Mr. President, may I ask the Senator from Pennsylvania if, under the present national banking law, a national bank in San Francisco can absorb a State bank in San Francisco which has 100 branches throughout the State and conduct those branches?

Mr. PEPPER. Mr. President, I will have to answer the Senator in this way, that under the law as it now exists a State bank may not directly consolidate with a national bank, but has to go through the expensive process, in the first place, of converting itself into a national bank and then effecting a consolidation. With that qualification, let me say that if a State bank in California or in any other State where branch banking is permitted has to-day existing branches valid under the laws of that State, it may first convert itself into a national bank, and the national bank may, under existing law, retain and operate those branchs, and then the national bank, with the branches which it has acquired through conversion, may then consolidate itself with the national bank, which is the bank of our illustration. In other words, the existing law permits a State bank, upon converting into a national bank, to retain the branches which it has.

Mr. HOWELL. No matter where they are located?

Mr. PEPPER. No matter where they are; and there is nothing permissive in this bill in respect of that transaction. This bill freezes the existing situation, so far as branch banking is concerned, saving only in the single instance in which a national bank in a city hereafter establishes within that city branches under the direction of the Comptroller of the Currency in virtue of a State law which was in force at the time this bill becomes law.

Mr. HOWELL. I will say, Mr. President, that I was not aware that under the present national banking law a State bank could transform itself into a national bank and maintain its branches throughout the State. As I understand from the statement of the Senator from Pennsylvania, this is now possible.

Mr. PEPPER. Yes.

Mr. HOWELL. But the reading of this bill suggests that the Senate amendment has greatly exceeded in liberality the bill as it came from the House. It states:

> That, except as to branches in foreign countries, independencies, or insular possessions of the United States, it shall be unlawful for any such consolidated association to retain in operation any branches which may have been established beyond the corporate limits of the city, town, or village in which such consolidated association is located.

That is the bill as it came from the House. What is the proposed amendment? The proposed amendment is to the effect that they may retain those branches. Is not that a fact?

Mr. PEPPER. That will be the law if this bill passes, Mr. President—that consolidations, heretofore effected through the process of conversion, which I have described, will result in enabling the national bank, which is the resultant of such conversion, to retain the branches which exist as of the date of this act. In other words, it is not the intention of this bill, and we do not think it was the intention of the House, to disintegrate situations which have come regularly into being under the existing law.

Mr. HOWELL. But the language in the House bill provides for that.

Mr. PEPPER. Mr. President, I think the language in the House bill is obscure on that point. I think we have clarified the language, because we have reduced the categories to three, and when one grasps them clearly they are found to exhaust all the branch-banking possibilities.

The first category is that in which branches have been established by a State bank which then converts into a national bank. Under this bill, with the Senate amendments, those branches may be retained by the national bank in virtue of the situation which exists as of the date of its passage.

The second category is that which exists where the same thing has happened as the result of consolidation. Under this bill, if it becomes law, that situation is not interfered with but remains as we think it ought to remain in virtue of an existing law under which these people in that case would have acted.

The third category deals not at all with the past, but with the future, and provides that where no branches have been established at the date when this bill becomes law they can not be established by a national bank excepting within the limits of the city, and then only in a State where the law authorizing State banks to have branches was in force at the time this bill became operative.

Mr. HOWELL. May I ask the Senator if, under the present law, any State bank with branches outside of the city in which it is operating has been converted into a national bank?

Mr. PEPPER. Why, yes; Mr. President. In many instances that thing has taken place. I am informed by the Comptroller of the Currency that there are many instances throughout the country in which that has happened.

Mr. DILL. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. DILL. Under the present law, a national bank can not establish branch banks.

Mr. PEPPER. That is true, Mr. President.

Mr. DILL. Except in case the Comptroller gives permission.

Mr. PEPPER. There is no legislative authority to-day for a national bank to establish a branch bank anywhere.

Mr. DILL. But the Comptroller did permit that; did he not?

Mr. PEPPER. The comptroller permits tellers' windows to be opened for the convenience of customers of the bank in different parts of a community where there is a usage or law that enables State banks to have branches; but those tellers' windows are mere devices of convenience, and they are found to be so inadequate to meet the needs of national banks that this legislation is urged by them to supersede that practice.

Mr. DILL. If that part of the bill that permits this branch banking were stricken out, it would not seriously interfere with the rest of the bill; would it?

Mr. PEPPER. The only answer I can make is that the rest of the bill, while it has a certain importance, has little importance compared to the branch-banking feature of it in so far as it gives national banks in cities the right to establish these branches. The reason why this legislation is being urged so earnestly upon the Senate and the House is that the great national banks in States where the State competitors have branch-bank privileges are withdrawing from the national banking system in order to meet on terms of even competition the State banks which have privileges that they do not have; and we are threatened, Mr. President, with the serious impairment of our national banking system through the defection of its most important members if we do not, within limits, relax the regidity of the national banking act to meet the flexible conditions under State law.

Mr. DILL. This bill permits one branch in cities of 25,000 population, and two branches in cities of 50,000; how many in a large city?

Mr. PEPPER. May I correct the Senator? Unless the city has 25,000 or more there may be no branch. Between 25,000 and 50,000 there may be one branch.

Mr. DILL. That is what I said.

Mr. PEPPER. Between 50,000 and 100,000 there may be two branches, and beyond 100,000 at the discretion of the Comptroller of the Currency.

Mr. DILL. They may have as many as he sees fit?

Mr. PEPPER. That is correct.

Mr. GLASS. No, Mr. President; within the limits of the municipality.

Mr. McLEAN. Mr. President, may I say, supplementing what has been said by the Senator from Pennsylvania, that since 1918, 206 national banks, I think, have gone out of existence and reorganized as State banks, and they have taken $2,200,000,000 of assets with them.

Mr. SHIPSTEAD. Mr. President, if the Senator will permit me, I should like to ask a question to clear up this point. I understand the Senator to say that the bill provides that if it becomes a law national banks will be permitted to continue branches where they now exist. Is that right?

Mr. PEPPER. Mr. President, wherever a national bank to-day has branches that validly exist in virtue of the process of past conversion which I have described, it is not the purpose of this bill to disintegrate that situation, but to allow it to continue because it was bona fide established under statutory authority.

Mr. SHIPSTEAD. I understand. Now, in a city in a State where the State laws do not permit a State bank to have a branch, the existing national banking act does not permit a national bank to have a branch?

Mr. PEPPER. That is correct, Mr. President.

Mr. SHIPSTEAD. But, nevertheless, we will take this hypothetical case: If, in spite of the provisions of existing law, a national bank has established branches and has been carrying on business through branches for some time, this bill will not legalize such a condition, if I understand the bill correctly.

Mr. McLEAN. Mr. President, I think the tellers' windows, as they are called, are for the accommodation of persons who want to cash checks. I do not think they accept deposits, as a general thing.

Mr. SHIPSTEAD. But, if I remember correctly, the Supreme Court ruled on that question.

Mr. McLEAN. Yes.

Mr. SHIPSTEAD. And, if I am not mistaken, the Supreme Court held that they did not come within the classification of a branch provided they had an office with a teller's window, and I believe they could accept deposits. Am I right? I read the law at the time, and I have not read it since.

Mr. McLEAN. They may in some instances; but I think as a general thing they decline to accept deposits, because if they do not accept deposits they can not be considered as branch banks; but they may in some instances. I do not know.

Mr. SHIPSTEAD. If they do that, if they permit a national bank to have tellers' windows in a State where the State law does not provide for branches for State banks, I should certainly be in favor of having some provision inserted in the bill barring tellers' windows where they accept deposits, because the people of my State, the banking interests of my State, are opposed to branch banking, and tellers' windows where checks are cashed and deposits are accepted for all practical purposes are branches.

Mr. McLEAN. Twice the Senate has enacted laws extending to national banks branch-bank privileges in States where the State laws permit it, and in both instances the House has failed to approve the action of the Senate.

Mr. SHIPSTEAD. I simply wanted to clear up the situation in States where there is no law providing for branches for State banks and where national banks now are operating branches contrary to law.

Mr. GLASS. Mr. President, is there any such State?

Mr. SHIPSTEAD. Yes.

Mr. GLASS. Where?

Mr. SHIPSTEAD. We have such a case in Minnesota. We have two of them.

Mr. GLASS. That is a very surprising statement. As I understand the situation, Mr. President, it is as simple as simple can be. The existing status is just this: No national bank in existence has any branch other than those branches it acquired by the consolidation of a State bank which had branches. It could not have had branches unless the State law permitted it; so that there is no branch national bank in any of the States to-day that did not come into being by reason of the fact that a State bank having branches under the law consolidated with a national bank.

Mr. PEPPER. That is true, Mr. President, if the Senator will permit me, with the exception of a few isolated cases of very old branches.

Mr. GLASS. One hundred and two years old in Pennsylvania.

Mr. PEPPER. There is one in Pennsylvania and there is one in New Jersey; and those are covered by a specific provision in the bill applying to not exceeding one branch that has been maintained in excess of 25 years.

Mr. GLASS. Not only that but the requirement of the law is that it must be in existence by reason of usage having official sanction, if not by law. I will say to the Senator from Nebraska that should this bill become a law, it would be impossible thereafter for a State bank, for example in California, having 100 branches throughout that State, to convert into a national bank and retain one of those branches outside of the city of the parent bank, so that the Senator is under a misapprehension.

Mr. HOWELL. That is, the Senator means that if a State bank were organized hereafter and created a number of branches, they would not be allowed to come in under this bill?

Mr. GLASS. They would not.

Mr. PEPPER. Not merely in the case of branches of State banks established hereafter, but also in the case of existing State banks which have not up to the date of the enactment of this bill, if it shall become a law, converted into national banks. The situation will become closed the instant this bill becomes law, and they may not thereafter do what had been possible under the law up to that time.

Mr. GLASS. In other words, Mr. President, to be specific, there is in the State of California a bank known as the Bank of Italy, with perhaps in excess of 100 branches. It operates under a State charter. If this bill should become the law to-day, and to-morrow that bank should want to convert into a national bank, or be taken over by a national bank, it could not retain a single one of those branches outside of the city in which the parent bank is located.

Mr. SHIPSTEAD. Mr. President, I have still not had an answer to my question, because the Senator from Virginia stated that such a situation as I mentioned did not and could not exist.

Mr. PEPPER. Mr. President, I think the Senator from Minnesota and the Senator from Virginia were talking slightly at cross purposes.

Mr. SHIPSTEAD. I think the Senator did not understand me.

Mr. PEPPER. The bill which is pending distinguishes between three situations—one in which there is a law authorizing branch banks; the second, where there is no statute law but a regulation by administrative authority; and the third, where there is neither law nor regulation, but where there is a State usage sanctioned by some official recognition, such as the opinion of an attorney general that such things may be done by State banks. In cases of one or the other of those three sorts it does sometimes happen that the Comptroller of the Currency, under the pressure of the national banking interests in a State, has permitted the establishment of these tellers' windows in order to minimize the hardship of what otherwise would be a handicap to which the national banks would be subjected.

Mr. SHIPSTEAD. And this law would legalize that situation, in the opinion of the Senator?

Mr. PEPPER. In my opinion, Mr. President, wherever there is either a law or regulation, or a usage with official sanction, a national bank may establish its branches within the limits of the city, or retain them.

Mr. SHIPSTEAD. And continue?

Mr. PEPPER. And continue.

Mr. SHIPSTEAD. In spite of the fact that there is no provision under State law for such a contingency or for such permission to a State bank?

Mr. PEPPER. Mr. President, I have said that, so far as I know, with the single exception of these banks with an old tradition behind them, which are in every respect historical exceptions, the cases in which branches exist will always be found to be cases falling under one or the other of those three heads, and in my opinion—and I think I voice the opinion of the committee—in every one of those instances, whether it be case 1 or case 2 or case 3, a national bank which is now maintaining a branch may continue to do so, provided it is within the limits of the municipality, and, if it is not maintaining a branch, may hereafter establish one under section 8 of this bill.

Mr. SHIPSTEAD. I want to say to the Senator that if he is correct in saying that that is in this bill, it raises another contingency which I was informed was not raised by this measure.

Mr. REED of Missouri. Mr. President, if I understand the situation, however, at the present time if a national bank exists in a State which permits State branch banks or trust companies, that national bank, under the present act, can not establish branches anywhere. Is that correct?

Mr. PEPPER. Under the present law a national bank has no right to establish a branch at all.

Mr. REED of Missouri. If this bill shall be passed, in every State where branch State banks or trust companies are permitted every national bank can then establish branches in the city in which that bank is located?

Mr. GLASS. That is right.

Mr. REED of Missouri. That constitutes the principal change being made in this part of the bill?

Mr. PEPPER. The Senator has stated is clearly and accurately.

The PRESIDENT pro tempore. The Chair would like to be advised whether the Senator from Nebraska has yielded the floor?

Mr. HOWELL. I have, Mr. President.

Mr. PEPPER obtained the floor.

Mr. SMITH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield to the Senator from South Carolina?

Mr. PEPPER. I yield.

Mr. SMITH. The Senator from Virginia made the observation that where a State now permits State banks to have branches, no matter how numerous they may be, the parent bank may have the branches scattered all over the State. If this bill becomes law, when a national bank in any State coalesces or organizes with a State bank, that automatically cuts off all the branches of that State bank?

Mr. GLASS. Outside the city of the parent bank.

Mr. SMITH. It can have no branches except what are allowed under this law—that is, within the limits of the municipality where the parent bank is located?

Mr. PEPPER. That is correct in every instance where the process or coalescence, as the Senator has described it, takes place after the date of the enactment of this measure.

Mr. SMITH. I am referring to a time subsequent to the enactment of this bill. If a State bank with numerous branch banks becomes a part of a national bank, it automatically loses its branches, except those within the municipality, which this bill provides for?

Mr. PEPPER. It must relinquish branches outside of the municipality in that event.

Mr. SMITH. And in case the State has no law allowing branch banks, and this bill becomes law, then subsequent to the passage of this bill, if a national bank desired to establish branch banks, would it not have to come to Congress and get an enabling act to do so?

Mr. PEPPER. Mr. President, a State law passed in a State which, at the date of this act, has no law, regulation, or usage on the subject, will be quite inoperative to confer upon national banks a right to establish branches, even within the limits of the municipality.

Mr. SMITH. That is the point I am making; and therefore, in order to avail themselves of this, they would have to get from Congress, which has jurisdiction over national banks, an enabling act, would they not?

Mr. PEPPER. There is no doubt that that would be the case; they would have to get an enabling act in the nature of an amendment to the present law. The Senator has made that very clear, and I thank him for doing so.

Mr. SHIPSTEAD. Mr. President, if the Senator will yield, I would like to ask a question to clear up a point because of my misunderstanding the Senator. I will cite a hypothetical case, which is based upon fact, however. In the State of Minnesota we have no law permitting State banks to have branches. In one city in Minnesota two national banks bought several State banks within the confines of the municipality. They liquidated the capital and surplus and have been operating those banks as branch banks, taking deposits, cashing checks, doing a general banking business, and on the window have a sign reading, "Branch of ——— Bank Down Town." For practical purposes they are operating full-fledged branch banks, and that has been going on for some time, plainly contrary to the law. The branches are not teller's windows. They are full-fledged banks, taken over, with capital and surplus liquidated, being operated by the main bank down town. There are several instances of that in one city. What I want to know is this, while they are now operating contrary to law——

Mr. GLASS. Contrary to what law?

Mr. SHIPSTEAD. The national banking law.

Mr. GLASS. Contrary to the laws of Minnesota, the Senator said.

Mr. SHIPSTEAD. No; it has been understood that the national banking act did not permit the operation of branches. It is contrary to the national banking act. This bill seeks to legalize the operation of branches by national banks. These banks have been operating in Minnesota contrary to the law and contrary to the ruling of the Comptroller of the Currency.

Mr. SMITH. Do they operate as national banks?

Mr. SHIPSTEAD. They operate as branches of a national bank.

Mr. PEPPER. Mr. President, I have personally no doubt about the answer that should be given to the Senator's question. If the branches which he specifies are branches maintained in a State which neither by law, by regulation, nor by usage with official sanction permits State banks to have branches, those branches will become illegal the day this bill goes into effect, because it is just as clear as noonday that this bill authorizes national banks to establish branches only where the State law sanctions it. I have no knowledge of the local law in Minnesota, but if the Senator is correct in his premise, the conclusion seems to me to be irresistible that if those branches exist to-day in the absence of enabling legislation by Congress, and in the teeth of a State policy antagonistic to branches, then it must follow that when this bill becomes effective those branches will be closed by the Comptroller of the Currency.

Mr. SHIPSTEAD. I am glad to have the Senator say that. That is just what I wanted him to say, because very likely the courts will have to determine what Congress intended in passing this bill, and I am glad the Senator has made that statement, because at least the records of the Senate will show what the intention of Congress is.

Mr. PEPPER. Mr. President, it will be a sorry day for jurisprudence when courts decide cases on the basis of an opinion expressed by me on the floor of the Senate; but, for whatever it is worth, I am very glad to answer the Senator's question.

Mr. REED of Missouri. Mr. President, in order that we may all understand exactly the effect of this amendment, I want to ask another question or two. It is necessary to proceed in this way because the bill being a mere amendatory bill no one can understand it without having the old law before him and having opportunity for comparison.

As I understand the situation, there are something like 22 States in the Union which now permit State banks and State trust companies to have branches, and some of the States allow those banks and trust companies to have an unlimited number of branches, located in an unlimited number of places; that under the present national banking act, with the exception of a very few cases of old banks and some consolidations that had been worked out, no national bank can have a branch. The House text provided that there could be branches, but limited them to the corporate limits of the city. If the bill passes as now recommended by the committee, the result will be that in all of the 22 States where State banks and trust companies now have branches all national banks may establish branches.

Mr. PEPPER. Within the limits of the municipality.

Mr. REED of Missouri. Yes; within the limits of their municipality; so that, taking my own State for illustration, if the State banks and trust companies had branches, if the bill as recommended by the committee becomes a law, every national bank could proceed to establish as many branches as it desires to, provided it limits the location of those branches to the municipally in which the bank exists.

Mr. PEPPER. May I interrupt the Senator?

Mr. REED of Missouri. Is that incorrect?

Mr. PEPPER. That is correct, subject to a qualification respecting the number to be established.

Mr. REED of Missouri. What is the number?

Mr. PEPPER. None may be established in a municipality with less than 25,000 population; one may be established between 25,000 and 50,000; two between 50,000 and 100,000; and beyond that at the discretion of the comptroller.

Mr. REED of Missouri. So that in a city like St. Louis, which has 800,000 or 900,000 people, the number of branches which any bank could have would be limited by the discretion of the comptroller, and he could allow them to have 100 if he wanted them to do so. I am not saying that he would allow that many, but he could allow that many if he saw fit.

The Senator has stated that national banks are about to withdraw because the State bank or trust company has the advantage of branches. Can the Senator tell us of any instance where that movement is taking place?

Mr. PEPPER. I do not think that I can answer the Senator with the accuracy which alone would justify an attempt on my part. The committee was informed by the Comptroller of the Currency during the process of hearings on the measure that the bill had been projected by the comptroller's department on account of real anxiety respecting the number of banks from all over the country which were threatening to withdraw from the national banking system and revert to their status as State banks because of the rigidity of the national banking act in that particular matter. All I can say is that while the comptroller mentioned to us the number of such banks in great cities, I am not able from memory to reproduce them accurately.

Mr. SIMMONS. Mr. President, if the Senator will pardon me, I will give him an illustration in my own little town of

about 15,000 people. We had one national bank and we had two State banks. One of the State banks entered the Federal reserve system. It remained in for about two years, but last year it got permission to withdraw because it wanted to establish a branch bank and could not do it as a Federal reserve bank. It got permission, went out of the Federal reserve system, and established a State branch bank.

Mr. REED of Missouri. But even that bank, being in a town with a population of only 15,000, could not have a branch under the provisions of the pending bill.

Mr. SIMMONS. No. The Senator asked for a specific instance of a bank going out of the Federal reserve system for the purpose of establishing a branch bank, and I was giving him such a case.

Mr. GLASS. Mr. President——

Mr. PEPPER. I yield to the Senator from Virginia.

Mr. GLASS. I will say to my colleague from Missouri that I believe the city of New Orleans has now but one national bank and that the city of Cleveland, Ohio, with nearly 800,000 population, has but three national banks. Illustrations of that sort to a limited extent may be cited.

But I want to say for myself that I do not participate in the anxiety expressed by the Comptroller of the Currency and by others who seem to think that the national banking system is going to break down and that all the national banks are going to convert into State banks because, according to the Comptroller's own last report to the Congress of the United States, the assets of the national banking system within the last 10 years have increased from a total of $11,000,000,000 to $24,000,000,000 as of June 30, 1924. That would not indicate that the national banking system is going out of business.

Mr. REED of Missouri. Did I understand that the Senator from Pennsylvania is claiming the floor?

Mr. PEPPER. Only in order to answer questions. I very cheerfully yield the floor to the Senator from Missouri.

Mr. REED of Missouri. Very well.

Mr. BROOKHART. Mr. President, I desire to ask the Senator from Virginia a question.

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from Iowa?

Mr. REED of Missouri. I yield.

Mr. BROOKHART. The Senator from Virginia mentioned the fact that in Cleveland there are only three national banks. Did not that come about by reason of the fact that the locomotive engineers organized a cooperative national bank and then the others, some 21 of them, consolidated into three banks?

Mr. GLASS. Oh, no. I think that was the status in Cleveland long before the locomotive engineers organized their bank.

Mr. BROOKHART. I know there were 21 banks in Cleveland consolidated into three following the organization of the locomotive engineers' cooperative national bank.

Mr. GLASS. Very likely they were State banks, because I know that long before the locomotive engineers established their bank, which was only two years ago, there were but three national banks in Cleveland.

Mr. REED of Missouri. Mr. President, the last thing I want to do is to take the time of the Senate in these closing hours or to appear as an obstructionist to legislation which a committee composed of able men have brought here with a recommendation. I can not at present at least bring myself to a conclusion that it is at all clear that we should transform a national-banking system into a branch-banking system. In my opinion that is exactly what the pending bill will in part accomplish, and that part having been accomplished it will inevitably follow that the branch system will ultimately be fastened upon us in every State in the Union, because if the national banks of 22 States are given the right to organize branches for the reason that the State banks and trust companies have similar rights, the national banks of other States will claim that there is a discrimination against them as between them and their sister banks in other States, and will insist that whatever advantage grows out of the national banking branch system in 22 States shall be conferred upon the remainder of the States. So that in what I have to say I want to base my argument upon the broad proposition.

Mr. President, when the Federal reserve act was drawn, in the preparation of which the Senator from Virginia [Mr. GLASS] had a very great part as its constructor, we discussed the very question that is before the Senate to-night. It was said to us at that time by certain of the great bankers who came to advise the committee that unless we conferred upon the national banks powers as broad as were possessed by State banks and trust companies, not only with respect to branches but with respect to the character of business transacted, it would be impossible to make the Federal reserve system a success. Again, upon the other hand, it was urged that none of the State banks and trust companies would come in unless the powers of the national banks were enlarged so that they could as members transact every character of business in which they had theretofore been engaged. We felt at that time a great and very natural anxiety with reference to the outcome. But, Mr. President, the national banks had theretofore existed in rivalry with State banks and trust companies and the national banking system had continued to grow and prosper, although subject to those restrictions to which I had adverted; that is to say, they were limited in the scope and character of their business to a strictly banking business, and they were not permitted, with the few exceptions that have been named here to-night, to have branches.

So the question naturally arose then, and it arises now, how it ever happened that national banks were organized with the limited powers conveyed by their charters when they just as well could have availed themselves of the more liberal provisions of State laws.

The answer then and the answer now is, in part, at least—for I shall not endeavor to go into all the reasons—there was an advantage in a national charter, that certain advantages were conferred by law upon national banks, which were not possessed by the State banks and trust companies, and that one of the great advantages lay in the fact that a system of banks required to do a strict banking business had a solidity and a safety which attracted customers to it who would not be so ready to trust to a State bank or a trust company which engaged in a very great number of different kinds of business.

So, Mr. President, the answer made then and the answer I make now is that that system of national banks which grew up in the face of the rivalry and opposition and advantage, if you please, of State banks and trust companies will continue to exist and continue to prosper against an opposition which has been encountered from the first.

Mr. GLASS. Mr. President——

Mr. REED of Missouri. I yield to the Senator from Virginia.

Mr. GLASS. I remind the Senator from Missouri of the fact that the principal attraction to the national banking system at that time was that only national banks were banks of issue; that only the national banks might issue their notes authorized to be current in commercial transactions and to be accepted for all dues to the Government. That particular privilege will presently be obsolete; it will pass away.

I call the Senator's attention to the fact that only recently the Secretary of the Treasury has either called or is arranging to call in $200,000,000 of bonds which afforded the basis for currency issues of national banks, and soon—as I recall by 1932—perhaps, all of the bond-secured currency will disappear. So that very great attraction and very great advantage of the national banks will disappear likewise, and the Federal reserve notes will automatically take the place of the national-bank notes.

While I am interrupting my colleague from Missouri, I call his attention to the fact that the Senate itself subsequent to the passage of the Federal reserve act was so impressed by the argument that the national banks should be put on a parity of competition with State banks in the particular of branch banking as that the Senator's committee recommended and the Senate itself twice passed a bill giving to national banks the right to establish branches in cities having a population of 100,000 or more, provided the bank seeking to establish branches had a capital as great as $1,000,000. The Senate twice passed such bills, but they were defeated on the other side of the Capitol.

Mr. REED of Missouri. Mr. President, those bills, however, were very much narrower in their application than is this bill. I fully concede the correctness of the Senator's statement that one of the things that helped build up the national banking system was the right to issue currency based upon bonds, but that right has been growing less as the years have gone on, both because of the retirement of the bonds and because the proportion of the bonds to the enlarging capital of the banks and assets of the banks was constantly lessening. While it was a great advantage to the national banks in its inception, when the currency they thus were authorized to issue constituted a large part of the currency of the country, that advantage dwindled until, in my judgment, it ceased to be an important factor—much less was it a controlling factor. So I think that it is to-day a factor of such small magnitude that

its disappearance will not drive any bank out of the national banking system.

I do think that national banks have to confront what some regard as the advantage of the larger power of the State bank or trust company under generous, if not loose, laws passed by the various States; but this bill does not propose to remove that question by providing that national banks shall be allowed to exercise the same powers, rights, and privileges as those enjoyed by State banks and trust companies. We are not dealing with that question; we are dealing with just one question, namely, Shall we engraft upon the national banking system the power to create branches?

Mr. GLASS. Mr. President, will not the Senator from Missouri direct his remarks to the proposition as to why a State bank in this respect may have a privilege that a national bank may not have? The stockholders of a national bank are citizens of the United States and of the respective States just as much as are the stockholders of a State bank, and if branch banking is, as some of the greatest banking experts in the world say that it is, the perfection of scientific banking, why may not citizens of the United States who prefer to operate under the charter of the Federal Government be put on a parity of competition with other citizens who prefer to operate under the charters of the respective States?

Mr. REED of Missouri. I think, Mr. President, the question almost answers itself. We are not responsible for the State banking systems, but we are responsible for the stability of the national banking system. If State legislatures have seen fit to create State banks and trust companies authorized to engage in almost every conceivable kind of business, it does not at all follow that it is wise for us to transform the national banks, which in the past have been in a true sense of the term banks, into enterprises which can engage in every sort of business to the impairment of the stability of the national organization.

Mr. GLASS. But the Senator——

Mr. REED of Missouri. Will the Senator let me answer the remainder of his question, and then I will yield to him?

Mr. GLASS. Certainly.

Mr. REED of Missouri. The Senator asks, why should not the national bank have the same right because its owners are citizens of the United States as is possessed by the State bank whose owners are also citizens of the United States. The answer to that is that if a citizen wants to exercise the right of a State bank then he should organize a State bank and operate as such and not claim the protection of the national banking system. I repeat we are responsible for the stability of the national banking system, and, while it is aside from the real question, to propose to confer upon the national banks every power which a State legislature may see fit to give to a State bank would, I think, be so unwise that it would find no advocate in this Chamber, much less my distinguished friend, the Senator from Virginia, who has studied banking so thoroughly. So that because State banks have the right to establish branches does not necessarily argue that it is wise to have national banks establish branches.

That brings us to the only argument that has been advanced thus far in favor of establishing branch national banks. It is that this particular advantage being possessed by State banks, because the national bank can not organize branches it is going to retire from the system. I answer that it came into the Federal reserve system with the very restriction that is now complained of, that it has remained in the Federal reserve system with that restriction, and that, as was said by the Senator from Virginia, the amount of assets of the national banks has increased in 10 years in a most astonishing and most satisfactory manner.

Mr. GLASS. Mr. President, my colleague from Missouri knows, of course, that the national banks, in a sense, did not come into the Federal reserve system with this handicap. They were compelled to come into the Federal reserve system or to surrender their charters.

Mr. REED of Missouri. Exactly.

Mr. GLASS. They came in through a species of compulsion; and the very fact that they came in under compulsion and that some of them remain in under compulsion, it seems to me, is more reason why they should be placed on a parity of competition with State banks, not as to everything State banks may do, but in this particular and vital matter of establishing branches for the convenience of their patrons.

If it be argued that branch banking of any kind is essentially in itself an evil, I can understand why any Senator may object to attaching branch banking to national banks, which are essentially commercial banks; but I think it would be quite difficult to impress that argument upon the country, that branch banking is essentially an evil. It is a very great convenience; and I call the attention of my colleague from Missouri to the fact, as I have in the case of other Senators, that there never has appeared before the Banking and Currency Committee of either House of Congress any man who was a borrower, any man who was seeking credit, to protest against a system of branch banking. The protest has always come from bankers who wanted a monopoly of credits in their particular community.

Mr. McLEAN. Mr. President, may I interrupt there and call the Senator's attention to the fact that we amended the Federal reserve act so as to permit national banks which apply to act as trustee, executor, administrator, and so forth—all that the State banks are permitted to do. I thought the Senator had the idea, from what he said, that national banks never had been granted that permission.

Mr. REED of Missouri. I remember that amendment which conferred upon them certain specific powers——

Mr. McLEAN. It is very general.

Mr. REED of Missouri. But nothing like the powers conferred by the general provisions that are to be found in various State laws.

Mr. GLASS. No; nor would I be willing to confer them. I do not think we ought to bring the national banks down to the standard of some State banks. I think we ought to try to elevate some State banks to the standard of the national banks.

Mr. REED of Missouri. But, since the Senator from Connecticut has called attention to it, let me say that the very law to which he has just referred was passed on the argument that we were going to lose all the national banks, or a large number of them, if we did not enlarge their powers, and so some enlargement was made; but some reasonable degree of restriction was still retained in the law. That having been done, we now have the next proposition, which is to establish branches.

Passing on from that and coming back to my reply to what the Senator from Virginia said, the Senator from Virginia states that the national banks were coerced into coming into the Federal reserve system; that they had no option left to them. Perhaps I state that a little broadly, but that is really the import of it. The Senator is not entirely accurate in that statement. They were told that if they continued to be national banks they must come in; but they then had the option to transform themselves into State banks and trust companies, and they could have exercised it, just as it is now said that they have that option and are about to exercise it. So there was no compulsion upon them, except that they were required to take their choice then between the national banking system, plus the Federal reserve act, and getting out of the system.

Mr. GLASS. That is what I said.

Mr. REED of Missouri. Yes; but the point I am making is that there was no compulsion upon them then, except "If you stay in, you stay in on these terms, but if you want to go out, you can go out." Now, we are told that they are about to exercise the same sort of option—that is, the option of going out—which they had when they came in; so that argument does not, I believe, carry very great convincing force.

Mr. McLEAN. Mr. President, I think the Senator was not in the Chamber when I called attention to the fact that since 1918 more than 200 national banks have gone out of the system and reorganized as State banks, and they have taken more than $2,000,000,000 of assets with them.

Mr. REED of Missouri. And how many have come in?

Mr. GLASS. I will say to the Senator that last year for the first time within the last 25 years, as far as I have been able to examine the matter, more went out than came in.

Mr. REED of Missouri. I think I can explain that. In my own city there were a number of national banks—I do not know how many—that went out of the system. Likewise, they went out of existence. They were taken over by other banks. We had nothing that was called a failure in the sense that the depositor did not get his money, but there were a number of them that were bankrupt and were taken over by the clearing-house association and liquidated through another bank. That might account for the diminished number of national banks.

Mr. SHIPSTEAD. Mr. President, if the Senator will yield, I will state that something over 150 national banks were closed last year.

Mr. GLASS. Yes; and about 500 banks were closed in the Federal reserve district from which the Senator from Minnesota comes, and yet he thinks branch banking is an evil. If there had been some branch banks up there, they would not have had 500 bank failures.

Mr. REED of Missouri. Let me answer that. These 500 banks that failed were mostly in little country towns where a

branch bank could not be established under this bill as it is now drawn, so that argument fails.

Mr. BROOKHART. Mr. President, some of the banks that have failed in Iowa have been in the biggest cities, two or three of them in Des Moines and Waterloo, and they are failing still at the rate of eight or ten a week.

Mr. GLASS. I do not think the statement of the Senator from Missouri answers the argument. As a matter of fact, it may be taken as an argument for a wider scope of branch banking than is permitted by this bill.

Mr. REED of Missouri. Very well; but the Senator is not proposing that.

Mr. SHIPSTEAD. Mr. President, I should like to ask the Senator from Virginia a question.

Mr. REED of Missouri. I am going to discuss that question when I am permitted to proceed.

Mr. SHIPSTEAD. In the Dominion of Canada they have a system of branch banking. I should like to ask the Senator from Virginia if he knows how many banks were closed in Canada, due to the failure of that one central bank?

Mr. GLASS. That was only one bank failure. It was a pretty large bank failure, and a very exceptional thing for Canada.

Mr. SHIPSTEAD. And its branches went with it.

Mr. GLASS. Of course, if the parent bank failed, the branch banks failed also.

Mr. SHIPSTEAD. So branch banking did not save the small banks in Canada.

Mr. GLASS. Nobody contends that branch banking will prevent all bank failures.

Mr. REED of Missouri. Now, Mr. President——

Mr. McLEAN. Mr. President——

Mr. REED of Missouri. I yield, of course, to the Senator from Connecticut.

Mr. McLEAN. I might call attention to the fact that in Australia they have a branch-bank system; they have but 30 banks, and they have not had a failure in 30 years.

Mr. REED of Missouri. Yes; and when they do have one, God help Australia! The rabbits will starve to death then.

Mr. McLEAN. That reminds me——

Mr. REED of Missouri. If the Senator has a story that will enliven this dull debate, I hope he will tell it.

Mr. McLEAN. That reminds me of a neighbor of mine who told me during a call that he never knew it to rain hard in the full of the moon. A day or two after he called we had the hardest rain that we had ever experienced in Connecticut, and it was in the full of the moon. I called his attention to it, and he said, "Well, I will tell you: When it does rain in the full of the moon, it rains like hell." [Laughter.]

Mr. REED of Missouri. Yes; that is exactly the kind of illustration I am looking for. I am going to discuss a little later on, when it comes logically to the front, the question of branch banks; but I want now to discuss this bill for a minute.

After having proceeded along certain steps which began with the establishment of a national banking system with the right of issue, which continued until we passed the Federal reserve act, during which time the right of issue had largely lost its value for the reasons I have given, and having passed the Federal reserve act, at which time every national bank had the option to withdraw or come in and the option to organize under the State laws if it saw fit, we found that our system was proceeding in a satisfactory way, that it was becoming powerful, and there are some of us at least who believed that it sustained the credit of this country during the great World War. We were told, however, that there was some disadvantage to the national banks because State banks and trust companies had more generous powers; and, accordingly, we enlarged the powers of the national banks. We were told that that was the act of salvation for them, and that they would all remain in the system. Now we are told that the national banks will leave the system if we deny to them the privilege of establishing one branch in towns of 25,000 inhabitants and limited other numbers, but always confined to the town where the main bank exists, and that if that privilege is not granted they will go out of the system.

I say that no national bank has gone out of the system on that account, in my judgment, or ever will. That is not sufficient cause to drive any national bank out of the system. The illustration given by my friend the Senator from North Carolina [Mr. SIMMONS] of a bank going out of the Federal reserve system in a town of 15,000 inhabitants could hardly be accounted for on the ground of the necessity of a branch bank, because it would be an economic waste to establish branches in a town of that size; and that is recognized by the committee in this bill when they propose only to establish branches in towns of 25,000 inhabitants or greater. There is nothing in that; but there is a reason for this change, and it is for the Senate to determine whether that reason is a sound one or is a reason that is full of danger.

Pass a branch bank bill, and provide that in towns of over 100,000 people there can be as many branches established as the Comptroller of the Currency will sanction, and then you will have a situation where one large bank will proceed to establish its branches in all parts of the town. It will establish its branches next door to existing banks. It will seek, through the convenience of these branches, to draw to itself all of the trade of the city, and the inevitable consequence will be either one great bank in each of the cities or at least a considerable limitation upon the number of banks in a city.

The branch-bank system naturally makes for only one or two banks in a city, just as it has naturally made for only two real banks in the Dominion of Canada. If I am correctly informed, there are two great branch banks in Canada, or were a few years ago. They had branches all over the Dominion. One of those banks, as was said by the Senator from Minnesota, failed this winter, and when it fell, great was the fall thereof, for it dragged down not only itself—that is, the parent bank—but it dragged down with it a very great number of branches. I do not have in mind the exact number, but it was a large number. If that system of banks had not been tied together so that when one fell they all must fall; if, instead of that condition, there had been the same number of independent banking institutions, and one of them had fallen, the probabilities are that all the rest would have stood upright.

When you establish branch banking, instead of having a large number of independent units, each of which may remain steadfast and unshaken by the fall of a single unit, you have a condition where, if one of those becomes impaired, it is likely to destroy and drag down all of the banks connected with that system.

I grant that a branch-bank system does have elements of strength; that is to say, the greater an institution perhaps less likely its fall. I make no demagogue's argument upon this in the nature of a one-sided statement, but I do say that the genius of our banking system has always been that it was composed of a great number of independent units, and that being thus composed it had at least the advantage which springs from the fact that the failure of one institution does not mean the failure of all.

If some one now shall answer, "But we have had panics that have closed all the banks at once," I answer, "That is true, and it was for the purpose of avoiding that very condition that the Federal reserve system was created, by which there would be set up in this country banks having the privilege, upon the deposit of commercial paper and certain other securities, of having issued to them, and through them to various banks desiring currency, an abundant supply of currency to meet the emergency.

So we have in this system to-day, I think, all of the elements of strength which are necessary, through cooperation rather than through consolidation, for to-day no national bank need close its doors as long as it has assets sufficient to meet its liabilities, and those assets can be converted within a few hours' time into cash. Moreover, we have tied together the various Federal reserve banks, so that when one of them is for any reason short of funds the other Federal reserve banks must come to its rescue. Accordingly, we have in our present system all the good elements which come from great consolidations. The power and the solidity resulting from great consolidations we already have in our system.

Mr. President, there are advantages to the independent banking system in addition to the one I have mentioned, which was that, having independent banks, the fall of one does not necessarily mean the destruction of a large number of others. I think one of the prime advantages is in the fact that the independent banking system that we have established has produced in every hamlet and village a bank, generally organized by citizens of that town, in touch with the wants of that community, and responsive to those wants, because the interest of the institution, its future growth, its stability, are dependent upon that community, and therefore it seeks to serve the community, and regardless of all the tirades that have been indulged in against banks, the fact remains that there is nothing that more contributes to the welfare of a city, town, or village than an honestly conducted, substantial bank.

Mr. GLASS. Except two banks.

Mr. REED of Missouri. Yes; 2 banks or 3 banks and when the town grows 10 banks, so that the people of that community are not left to the tender mercies or to the judgment or to the ability of one banker, so that the merchant—and I

wish I could impress this upon my brother Senators—the merchant who desires to borrow money is not obliged to deal with just one banker, but has his option of going to one of a number of banks; so that the manufacturer is not at the mercy of just one bank, but can borrow from one of a number of banks; so that there shall be constantly a healthy rivalry between banks for the acquisition of business and for the loaning of their money. That, to my mind, is absolutely a part of the warp and the woof of a free industrial system, and whatsoever strikes at it strikes at the very foundation of independence in business and commerce.

There are advocates of the general branch bank system. There were advocates of a single national bank, and we had one once, with branches scattered almost everywhere. It grew so arrogant and so powerful that it dared look "Old Hickory" Jackson in the eye and tell him it could put up and pull down Presidents, and it required a vast amount of assurance for any capitalist in the world to say that to old Andrew Jackson. Andrew Jackson struck down the branch bank system, and he lives in song and story, and in the hearts of the American people, because he destroyed an institution that was creating a complete monopoly of credits and of money.

Mr. GLASS. Mr. President, was it that he objected to its branches or did he strike down the central bank?

Mr. REED of Missouri. A central bank amounts to nothing without branches. That is what "central" implies.

Mr. GLASS. Yes; but I do not understand that Andrew Jackson objected to the branches. He objected to the arrogance of the central bank.

Mr. REED of Missouri. But a single central bank could not possess that arrogance. It was because it had spread itself all over the land and had its branches everywhere that it had gained to itself this tremendous power which gave it the courage to assert its dominance over the Federal Republic.

Mr. GLASS. We do not even propose in this bill that a bank shall go out of its own habitat, out of its own incorporated town. We do not propose to establish a central bank and have its branches spread all over the country.

Mr. REED of Missouri. I was invited into this broader field, but if, as I proceed with my argument, I can bring it down so as to show that the only difference between branch banks in cities and a branch-bank system that spreads over the country is simply a question of degree, then the same principle applies.

Mr. HEFLIN. Mr. President, I agree with what the Senator from Missouri has said. The bill as it now reads would limit branch banking to a city where there is a big national bank, which may have branches in the city. The danger lies in the fact that within less than 10 years they will be asking permission to limit it to a county, and in less than 10 years more to limit it to a State. There will be a branch-banking system fastened on us before we know it.

Mr. REED of Missouri. I observe that we are within two minutes of the time when we are to take a recess, under the agreement, and while I desire to continue my remarks on this matter, I could not say in two minutes what I have to say.

Mr. ROBINSON. Will the Senator yield to me to present and have printed an amendment to which reference was made this afternoon in the discussion between the Senator from Pennsylvania [Mr. PEPPER] and myself?

Mr. REED of Missouri. I yield for that purpose.

Mr. ROBINSON. I present the amendment and ask that it be printed and lie on the table.

The PRESIDENT pro tempore. The amendment will be printed and lie on the table.

INCORPORATION OF THE A. A. O. N. M. S.

Mr. REED of Missouri. I am going to ask unanimous consent of the Senate for the present consideration of a bill which I think will take no time. The bill has been reported unanimously by the Judiciary Committee. It provides for the incorporation of the Shrine in the District of Columbia. The reason is that the Shrine are collecting about $2,000,000 a year and building hospitals for the treatment free of charge of crippled children, and they are handling such large sums of money now that they want to proceed as a body corporate. There are other reasons for the passage of the bill. I ask unanimous consent for the present consideration of the bill (S. 4302) incorporating the Imperial Council of the Ancient Arabic Order of the Nobles of the Mystic Shrine for North America.

Mr. GLASS. I do not want to object. I do not know anything in the world about parliamentary procedure. Does the granting of this unanimous consent in any way displace the unfinished business?

Mr. CURTIS. Oh, no.

The PRESIDENT pro tempore. It does not.

Mr. GLASS. I have no objection to the consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole, and it was read, as follows:

Whereas the Imperial Council of the Ancient Arabic Order of the Nobles of the Mystic Shrine for North America now and for 50 years last past has existed and functioned as a voluntary, fraternal, and charitable association, the principal business of which is, and has been, to act as the common agent, representative, and governing body for the system of fraternal lodges or temples, known in the aggregate as the Ancient Arabic Order of the Nobles of the Mystic Shrine, which lodges or temples are situated and located within each of the States of the United States, the District of Columbia, the Dominion of Canada, the Canal Zone, the Hawaiian Islands, and the Republic of Mexico, and have in excess of 600,000 members; and

Whereas lately being advised and informed that there were thousands of curable crippled children who could be restored to normality and become useful citizens, but whose parents or guardians were unable to bear the cost and expense of treatment, and in furtherance of its charitable purposes the said imperial council has established and is now operating and maintaining Shriners' hospitals for crippled children at St. Louis, Mo.; Shreveport, La.; San Francisco, Calif.; Portland, Oreg.; Minneapolis, Minn.; Springfield, Mass.; Montreal, Canada; and further intends locating such hospitals at Chicago, Ill.; Philadelphia, Pa.; and at other points within the United States of America and in other places where its lodges or temples are located, the purpose being through the instrumentality of orthopedic surgery to treat and cure crippled children who can be aided or cured of their deformities without cost or expense to such children or to their parents or to the State and without regard to race, color, or creed, and said imperial council has now investments in hospital buildings, equipment, real estate, and personal property for such purposes of several millions of dollars and is expending annually large sums of money in the conduct and maintenance of such hospitals and the treatment and care of such crippled children; and

Whereas the purposes of said organization, particularly its charitable purposes aforesaid, can be better accomplished if incorporated by an act of Congress as the successor to and continuation of the voluntary association now existing: Therefore

Be it enacted, etc., That James E. Chandler, imperial potentate; James C. Burger, imperial deputy potentate; David W. Crosland, imperial chief rabban; Clarence M. Dunbar, imperial assistant rabban; Frank C. Jones, imperial high priest and prophet; William S. Brown, imperial treasurer; Benjamin W. Rowell, imperial recorder; Leo V. Youngworth, imperial oriental guide; Esten A. Fletcher, imperial first ceremonial master; Thomas J. Houston, imperial second ceremonial master; Earl C. Mills, imperial marshal; Clifford Ireland, imperial captain of the guard; and John N. Sebrell, jr., imperial outer guard, and their successors in office of the Imperial Council of the Ancient Arabic Order of the Nobles of the Mystic Shrine for North America, while holding their respective offices and until their successors are elected and qualified, together with all of the representatives and the emeriti members of said imperial council and their respective successors in office, shall be, and the same are hereby, forever declared to be a body politic and incorporate in the District of Columbia by the name of the Imperial Council of the Ancient Arabic Order of the Nobles of the Mystic Shrine for North America, and by that name shall have full power and authority to sue and be sued, plead and implead, prosecute and defend in all actions at law or in equity, and may have and use a common seal and change the same at pleasure.

SEC. 2. Said corporation shall have the right to the exclusive use of the name "The Imperial Council of the Ancient Arabic Order of the Nobles of the Mystic Shrine for North America," together with the emblems, costumes, regalia, characteristic insignia, and jewels of said order heretofore or hereafter adopted by said imperial council; and said corporation shall have the power to take, purchase, and hold such real and personal property as may be necessary and convenient in the carrying out of its purposes and benevolences, and unlimited as to the value thereof, and shall further have the power to sell, convey, mortgage, or hypothecate such real and personal property.

Said corporation is further authorized to create a charitable and educational fund, a representative fund, a library fund, an imperial council fund, a fund for the purchase, erection, operation, and maintenance of Shriners' hospitals for crippled children and other benevolences.

SEC. 3. This corporation be, and the same is hereby, authorized and empowered to accept and receive gifts, devises, bequests, donations, annuities, and endowments of real or personal property, and to use and hold the same and to invest and reinvest the same for the purpose of furthering the interests and purposes of the corporation as hereinbefore stated.

SEC. 4. The said corporation, in addition to the carrying out of its charities and benevolences heretofore enumerated, shall be organized and created for the purpose of acting as a common agent, representa-

tive, and governing body for that system of fraternal lodges or temples known in the aggregate as the Ancient Arabic Order of the Nobles of the Mystic Shrine, so that uniformity of operation, ritualistic services, and fraternal practices may obtain in such lodges or temples, and that the fraternal, educational, eleemosynary, and humanitarian purposes of said system of fraternal lodges or temples may be practiced and exemplified more efficiently and universally; and to that end this corporation shall, in addition to the foregoing powers, be endowed with and be empowered to use and exercise all of the powers, rights, and privileges incidental to fraternal and benevolent corporations organized under the laws of the District of Columbia for purposes other than pecuniary profit and which are usually exercised by the supreme or governing bodies of fraternal or benevolent organizations operating as the representatives of a system of fraternal lodges.

SEC. 5. The said corporation may hold meetings of its members, and also its officers, trustees, and agents may hold meetings, at such place or places as may be designated from time to time by the corporation or its designated officers, either within or without the District of Columbia, and all business transacted at such meetings held outside of the District of Columbia shall be valid in all respects as though such meetings had been held in the District of Columbia.

SEC. 6. The said corporation shall have power to adopt laws, rules, and regulations for its government and for the exercising of the purposes and powers conferred upon it by this act, and may amend or repeal the same at pleasure. Such laws, rules, and regulations shall provide for the election, appointment, and employment of officers, trustees, agents, and servants, who shall exercise the powers and duties usually exercised by similar officers, trustees, agents, and servants of corporations, subject to the limitations provided in such laws, rules, and regulations: *Provided, however,* That such laws, rules, and regulations shall not conflict with the laws of the United States or the laws of any State, District, Province, country, or Territory in which this corporation may operate. The laws, rules, and regulations heretofore adopted or promulgated by the Imperial Council of the Ancient Arabic Order of the Nobles of the Mystic Shrine for North America and now in force shall apply to and be the laws, rules, and regulations of this corporation, subject to amendment or repeal in accordance with this act and such laws, rules, and regulations: *Provided further,* That none of the officers, trustees, servants, or agents of the corporation herein provided for shall be required to be residents of the District of Columbia, but such corporation shall designate an agent residing within the District of Columbia upon whom legal process may be served.

SEC. 7. Congress may at any time amend, alter, or repeal this act.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

RECESS

The PRESIDENT pro tempore. Under the unanimous consent agreement already entered into, the Senate stands in recess until 12 o'clock to-morrow.

Thereupon the Senate (at 11 o'clock p. m.) took a recess until to-morrow, Tuesday, February 24, 1925, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 23 (legislative day of February 17), 1925

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Alanson B. Houghton, of New York, now ambassador extraordinary and plenipotentiary to Germany, to be ambassador extraordinary and plenipotentiary of the United States of America to Great Britain, vice Frank B. Kellogg, appointed Secretary of State.

FOREIGN SERVICE

FOREIGN SERVICE OFFICERS

From class 2 to class 1

William Coffin, of Kentucky.
Ralph J. Totten, of Tennessee.

From class 3 to class 2

Norman Armour, of New Jersey.
Frederic R. Dolbeare, of New York.
Allen W. Dulles, of New York.
Robert Frazer, jr., of Pennsylvania.
Edward J. Norton, of Tennessee.
Francis White, of Maryland.

From class 4 to class 3

Cornelius Ferris, of Colorado.
Arthur Bliss Lane, of New York.
John F. Martin, of Florida.
Walter C. Thurston, of Arizona.

From class 5 to class 4

Thomas H. Bevan, of Maryland.
George A. Bucklin, of Oklahoma.
W. Roderick Dorsey, of Maryland.
Edward A. Dow, of Nebraska.
Charles L. Hoover, of Missouri.
Ernest L. Ives, of Virginia.
Wilbur Koblinger, of Virginia.
Walter A. Leonard, of Illinois.
Keith Merrill, of Minnesota.
Kenneth S. Patton, of Virginia.
John R. Putnam, of Oregon.
James B. Young, of Pennsylvania.

From class 6 to class 5

Walter F. Boyle, of Georgia.
Homer Brett, of Mississippi.
Erle R. Dickover, of California.
Frederick F. A. Pearson, of Rhode Island.
John M. Savage, of New Jersey.
Orme Wilson, jr., of New York.
Warden McK. Wilson, of Indiana.

From class 7 to class 6

Austin C. Brady, of New Mexico.
Alfred T. Burri, of New York.
Reed Paige Clark, of New Hampshire.
John Corrigan, jr., of Georgia.
Cecil M. P. Cross, of Rhode Island.
Dudley G. Dwyre, of Colorado.
John G. Erhardt, of New York.
George D. Hopper, of Kentucky.
Robert L. Keiser, of Indiana.
Karl de G. MacVitty, of Illinois.
Ernest B. Price, of New York.
Paul C. Squire, of Massachusetts.
Raymond P. Tenney, of Massachusetts.
Marshall M. Vance, of Ohio.
George Wadsworth, of New York.
Henry S. Waterman, of Washington.
Harold L. Williamson, of Illinois.
Romeyn Wormuth, of New York.

From class 8 to class 7

John S. Calvert, of North Carolina.
Walter A. Foote, of Pennsylvania.
H. Earle Russell, of Michigan.
Lester L. Schnare, of Georgia.
Alexander K. Sloan, of Pennsylvania.
Leroy Webber, of New York.
Howard F. Withey, of Michigan.

From class 9 to class 8

Richard P. Butrick, of New York.
Charles L. DeVault, of Indiana.
Raymond H. Geist, of Ohio.
Bernard F. Hale, of Vermont.
Christian M. Ravndal, of Iowa.

From unclassified, at $3,000, to class 8

Charles A. Bay, of Minnesota.
David C. Berger, of Virginia.
Henry R. Brown, of Minnesota.
Harold M. Collins, of Virginia.
Joseph G. Groeninger, of Maryland.
Richard B. Haven, of Illinois.
Edward P. Lowry, of Illinois.
Sidney E. O'Donoghue, of New Jersey.
Earl L. Packer, of Utah.
Edwin A. Plitt, of Maryland.
Laurence E. Salisbury, of Illinois.
Leo D. Sturgeon, of Illinois.
Rollin R. Winslow, of Michigan.

RECEIVER OF PUBLIC MONEYS

Perry T. Williams, of Colorado, to be receiver of public moneys at Glenwood Springs, Colo., vice Charles S. Merrill.

APPOINTMENTS IN THE REGULAR ARMY

To be major of Infantry

Thomas James Camp, late major of Infantry, Regular Army, with rank from February 2, 1925.

MEDICAL CORPS

To be first lieutenant

Capt. Paul Ashland Brickey, Medical Officers' Reserve Corps, with rank from February 13, 1925.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

QUARTERMASTER CORPS

Capt. Holmes Gill Paullin, Cavalry, with rank from July 1, 1920.

CHEMICAL WARFARE SERVICE

Maj. Frederick Ramon Garcin, Coast Artillery Corps, with rank from July 1, 1920.

FIELD ARTILLERY

Capt. Joseph Robbins Bibb, Infantry, with rank from July 1, 1920.

PROMOTIONS IN THE REGULAR ARMY

To be lieutenant colonel

Maj. Walter King Wilson, Coast Artillery Corps, from February 15, 1925.

To be majors

Capt. Hubert Reilly Harmon, Air Service, from February 14, 1925.

Capt. Benjamin Greeley Ferris, Infantry, from February 15, 1925.

To be captains

First Lieut. Alston Bertram Ames, Quartermaster Corps, from February 10, 1925.

First Lieut. Stephen Carson Whipple, Corps of Engineers, from February 11, 1925.

First Lieut. Harry Franklin Gardner, Quartermaster Corps, from February 12, 1925.

First Lieut. Charles Jacob Kindler, Quartermaster Corps, from February 14, 1925.

First Lieut. John Nelson Merrill, Cavalry, from February 14, 1925.

First Lieut. Theodore Anton Baumeister, Infantry, from February 15, 1925.

First Lieut. Charles Jerrold Morelle, Quartermaster Corps, from February 15, 1925.

First Lieut. Ellis Donald Weigle, Coast Artillery Corps, from February 16, 1925.

First Lieut. Emile Peter Antonovich, Quartermaster Corps, from February 17, 1925.

To be first lieutenants

Second Lieut. George Windle Read, jr., Cavalry, from February 10, 1925.

Second Lieut. James Barlow Cullum, jr., Corps of Engineers, from February 10, 1925.

Second Lieut. Francis Hudson Oxx, Corps of Engineers, from February 10, 1925.

Second Lieut. Thomas Henry Stanley, Corps of Engineers, from February 11, 1925.

Second Lieut. Donald Greeley White, Corps of Engineers, from February 11, 1925.

Second Lieut. Henry George Lambert, Corps of Engineers, from February 12, 1925.

Second Lieut. William Weston Bessell, jr., Corps of Engineers, from February 14, 1925.

Second Lieut. Charles George Holle, Corps of Engineers, from February 14, 1925.

Second Lieut. Arthur Martin Andrews, Corps of Engineers, from February 15, 1925.

Second Lieut. Edward Crosby Harwood, Corps of Engineers, from February 15, 1925.

Second Lieut. John Wylie Moreland, Corps of Engineers, from February 16, 1925.

Second Lieut. Wayne Stewart Moore, Corps of Engineers, from February 17, 1925.

To be major

Capt. Metcalfe Reed, Infantry, from February 11, 1925.

To be captains

First Lieut. William Sawtelle Kilmer, Corps of Engineers, from February 6, 1925.

First Lieut. Albert William Stevens, Air Service, from February 10, 1925, subject to examination required by law.

To be first lieutenants

Second Lieut. Allen Francis Haynes, Infantry, from February 5, 1925.

Second Lieut. Harold Gaslin Sydenham, Infantry, from February 6, 1925.

Second Lieut. Hugh Cromer Minter, Air Service, from February 8, 1925.

[NOTE.—Captain Reed was nominated February 7, 1925, with rank from February 2, 1925, and was confirmed February 17, 1925. First Lieutenant Kilmer was nominated February 7, 1925, with rank from February 2, 1925, and was confirmed February 17, 1925. First Lieutenant Stevens was nominated February 16, 1925, with rank from February 6, 1925, and was confirmed February 17, 1925. Second Lieutenant Haynes was nominated February 7, 1925, with rank from February 2, 1925, and was confirmed February 17, 1925. Second Lieutenant Sydenham was nominated February 16, 1925, with rank from February 5, 1925, and was confirmed February 17, 1925. Second Lieutenant Minter was nominated February 16, 1925, with rank from February 6, 1925, and was confirmed February 17, 1925.

This message is submitted for the purpose of correcting errors in dates of rank of nominees, caused by the approval by the President January 27, 1925, of an act of Congress authorizing the appointment as major of Infantry of Thomas James Camp to fill the next vacancy occurring in that grade. The next vacancy subsequent to the approval of the bill occurred February 2, 1925, and Captain Reed was nominated to fill the vacancy occurring on that date.]

CONFIRMATIONS

Executive nominations confirmed by the Senate February 23 (legislative day of February 17), 1925

MEMBER OF THE FEDERAL TRADE COMMISSION

William E. Humphrey.

UNITED STATES DISTRICT JUDGE

Adolphus Frederick St. Sure to be United States district judge, northern district of California.

ASSISTANT COMMISSIONER OF THE GENERAL LAND OFFICE

Thomas C. Havell to be Assistant Commissioner of the General Land Office.

REGISTERS OF THE LAND OFFICE

Walter Spencer to be register of the land office at Denver, Colo.

Charles S. Merrill to be register of the land office at Glenwood Springs, Colo.

POSTMASTERS

CALIFORNIA

Nellys R. Squier, Butte City.
Harold A. Snell, McArthur.
John J. Freeman, North San Diego.
Virgil W. Norton, Sutter Creek.

ILLINOIS

Bijah J. Gibson, Crescent City.
Alfred P. Goodman, Verona.

INDIANA

George H. Griffith, Fremont.
Roy R. Berlin, Nappanee.
Elmer S. Applegate, Paragon.
Orville E. Steward, Rossville.

MASSACHUSETTS

Ralph H. Parker, Framingham.

MINNESOTA

Lesley S. Whitcomb, Albert Lea.

NEVADA

Eva A. Griswold, Deeth.

NORTH CAROLINA

Cephus Futrell, Murfreesboro.

PENNSYLVANIA

James G. Galbreath, Glassmere.
Delbert W. Wright, Hop Bottom.
Arthur J. Davis, Noxen.
Sharp A. Caylor, Punxsutawney.
Daniel F. Pomeroy, Troy.

WEST VIRGINIA

Alvin H. Perdew, Dorothy.
Delphy M. Legg, Fayetteville.
John H. Shay, Star City.